

# **Cape Agulhas**

## **MUNICIPALITY**

[These financial statements have not been audited]

### **FINANCIAL STATEMENTS**

**30 JUNE 2012**

# CAPE AGULHAS LOCAL MUNICIPALITY

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# CAPE AGULHAS LOCAL MUNICIPALITY

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

### GENERAL INFORMATION

#### NATURE OF BUSINESS

Cape Agulhas Municipality is a local municipality performing the functions as set out in the Constitution. (Act no 105 of 1996)

#### COUNTRY OF ORIGIN AND LEGAL FORM

South African Category B Municipality (Local Municipality) as defined by the Municipal Structures Act. (Act no 117 of 1998)

#### JURISDICTION

The Cape Agulhas Municipality includes the following areas:

*Bredasdorp  
Napier  
Struisbaai  
L'Agulhas  
Arniston  
Suiderstrand  
Protem  
Klipdale*

#### MEMBERS OF THE COUNCIL

Executive Mayor	<i>RG Mitchell</i>
Executive Deputy Mayor	<i>D Jantjies</i>
Speaker	<i>E C Marthinus (Ms)</i>
Councillor - Full time	<i>M R Mokotwana</i>
Councillor - Part time	<i>P N Atyhosi (Miss)</i>
Councillor - Part time	<i>J G A Niewoudt</i>
Councillor - Part time	<i>G D Burger</i>
Councillor - Part time	<i>JA Coetzee</i>
Councillor - Part time	<i>W J October</i>

#### MUNICIPAL MANAGER

*Mr R Stevens*

#### CHIEF FINANCIAL OFFICER

*Mr H Schlebusch*

#### REGISTERED OFFICE

*PO Box 51, Bredasdorp, 7280*

#### AUDITORS

*Office of the Auditor General (WC)*

#### PRINCIPLE BANKERS

*ABSA, Bredasdorp*

#### RELEVANT LEGISLATION

Municipal Finance Management Act (Act no 56 of 2003)  
Division of Revenue Act  
The Income Tax Act  
Value Added Tax Act  
Municipal Structures Act (Act no 117 of 1998)  
Municipal Systems Act (Act no 32 of 2000)  
Municipal Planning and Performance Management Regulations  
Water Services Act (Act no 108 of 1997)  
Housing Act (Act no 107 of 1997)  
Municipal Property Rates Act (Act no 6 of 2004)  
Electricity Act (Act no 41 of 1987)  
Skills Development Levies Act (Act no 9 of 1999)  
Employment Equity Act (Act no 55 of 1998)  
Unemployment Insurance Act (Act no 30 of 1966)  
Basic Conditions of Employment Act (Act no 75 of 1997)  
Supply Chain Management Regulations, 2005  
Collective Agreements  
Infrastructure Grants  
SALBC Leave Regulations

#### ATTORNEYS

*Luttig & Son*

# CAPE AGULHAS LOCAL MUNICIPALITY

## MEMBERS OF THE CAPE AGULHAS LOCAL MUNICIPALITY

WARD	COUNCILLOR
1	Mr W J October
2	Mr D Jantjies (Executive Deputy Mayor)
3	Mr RG Mitchell (Executive Mayor)
4	Mr JGA Niewoudt
5	Mr GD Burger
Proportional	Mr MR Mokotwana (Member of Executive Mayor Committee)
Proportional	Mrs EC Marthinus (Speaker)
Proportional	Mr JA Coetzee
Proportional	Miss PN Atyhosi

## APPROVAL OF FINANCIAL STATEMENTS

I am responsible for the preparation of these annual financial statements year ended 30 June 2012, which are set out on pages 1 to 68 in terms of Section 126 (1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality. The annual financial statements have been prepared in accordance with GRAP.

I acknowledge that I am ultimately responsible for the system of internal financial control and that the system of internal control provides reasonable assurance that the financial records can be relied on.

I have reviewed the Municipality's cash flow forecast for the year to 30 June 2012 and is satisfied that the Municipality can continue in operational existence for the foreseeable future.

The external auditors are responsible for independently reviewing and reporting on the Municipality's financial statements.

I certify that the remuneration of Councillors and in-kind benefits are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

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*Mr R Stevens*  
**Municipal Manager**

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**Date**

**CAPE AGULHAS LOCAL MUNICIPALITY**

**STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2012**

	<b>Notes</b>	<b>2012 R (Actual)</b>	<b>2011 R (Restated)</b>
<b>NET ASSETS AND LIABILITIES</b>			
<b>Net Assets</b>		<b>256,878,537</b>	<b>249,671,350</b>
Capital Replacement Reserve	2	20,500,000	30,000,000
Housing Development fund	2	1,337,286	1,337,286
Valuation Roll Reserve	2	1,500,000	1,000,000
Accumulated Surplus		233,541,252	217,334,064
<b>Non-Current Liabilities</b>		<b>37,217,512</b>	<b>26,284,188</b>
Long term Liabilities	3	1,030,604	841,640
Employee benefits	4	25,435,038	22,861,063
Non-Current Provisions	5	10,751,870	2,581,485
<b>Current Liabilities</b>		<b>20,152,528</b>	<b>17,095,204</b>
Consumer Deposits	6	3,152,702	2,880,273
Current Employee benefits	7	4,440,997	4,318,738
Provisions	8	297,066	282,920
Payables from exchange transactions	9	6,953,737	7,369,990
Unspent Conditional Government Grants and Receipts	10	4,527,986	1,768,346
Unspent Public Contributions	11	-	-
Taxes	12	398,374	-
Current Portion of Long-term Liabilities	3	381,665	474,937
<b>Total Net Assets and Liabilities</b>		<b>314,248,577</b>	<b>293,050,742</b>
<b>ASSETS</b>			
<b>Non-Current Assets</b>		<b>267,621,651</b>	<b>244,101,964</b>
Property, Plant and Equipment	13	221,271,693	206,116,956
Investment Property	14	36,597,378	36,223,113
Intangible Assets	15	110,000	99,347
Capitalised Restoration cost	16	9,262,274	1,249,084
Long-Term Receivables	17	380,306	413,464
<b>Current Assets</b>		<b>46,626,926</b>	<b>48,948,778</b>
Inventory	18	973,426	851,063
Receivables from exchange transactions	19	12,655,354	10,018,739
Receivables from non-exchange transactions	20	2,635,087	1,194,031
Unpaid Conditional Government Grants and Receipts	10	3,723,773	3,336,380
Operating Lease Asset	21.1	48,588	20,259
Taxes	12	-	139,679
Current Portion of Long-term Receivables	17	5,938	5,652
Cash and Cash Equivalents	22	26,584,761	33,382,975
<b>Total Assets</b>		<b>314,248,577</b>	<b>293,050,742</b>

**CAPE AGULHAS LOCAL MUNICIPALITY**

**STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2012**

	Notes	2012 (Actual) R	2011 (Restated) R
<b>REVENUE</b>			
<b>Revenue from Non-exchange Transactions</b>		<b>99,849,641</b>	<b>71,915,365</b>
<b>Taxation Revenue</b>		<b>32,427,167</b>	<b>28,469,515</b>
Property taxes	23	32,427,167	28,469,515
<b>Transfer Revenue</b>		<b>66,587,632</b>	<b>42,790,239</b>
Government Grants and Subsidies - Capital	24	8,592,112	7,965,368
Government Grants and Subsidies - Operating	24	57,995,520	34,769,870
Public Contributions and Donations		-	55,000
<b>Other Revenue</b>		<b>834,842</b>	<b>655,611</b>
Actuarial Gains	4	83,897	-
Fines		750,944	655,611
<b>Revenue from Exchange Transactions</b>		<b>98,733,717</b>	<b>84,473,583</b>
Property Rates - penalties imposed and collection charges		-	-
Service Charges	25	87,023,471	71,199,917
Rental of Facilities and Equipment		4,755,910	4,654,983
Interest Earned - external investments		2,224,184	3,289,750
Interest Earned - outstanding debtors		514,177	449,964
Licences and Permits		1,012,345	1,153,899
Agency Services		1,079,210	1,029,039
Other Income	26	2,124,419	2,122,299
Reversal of provision for bad debts	30	-	573,732
<b>Total Revenue</b>		<b>198,583,358</b>	<b>156,388,947</b>
<b>EXPENDITURE</b>			
Employee related costs	28	61,987,554	57,887,196
Remuneration of Councillors	29	2,919,384	2,857,127
Debt Impairment	30	1,003,858	-
Depreciation and Amortisation		6,011,814	5,717,000
Impairments	32	1,308	26,108
Repairs and Maintenance		7,532,932	16,898,898
Actuarial losses	4	19,086	2,616,864
Finance Charges	33	350,594	448,285
Bulk Purchases	34	44,663,562	34,471,804
Contracted services		987,889	899,776
Operating Grant Expenditure	35	38,848,429	11,498,997
General Expenses	36	25,859,023	26,628,014
Loss on disposal of PPE		1,190,737	415,051
<b>Total Expenditure</b>		<b>191,376,171</b>	<b>160,365,119</b>
<b>NET SURPLUS/(DEFICIT) FOR THE YEAR</b>		<b>7,207,188</b>	<b>(3,976,171)</b>

**CAPE AGULHAS LOCAL MUNICIPALITY**

**STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2012**

	<b>Valuation Roll Reserve</b>	<b>Housing Development Fund</b>	<b>Capital Replacement Reserve</b>	<b>Accumulated Surplus</b>
	<b>R</b>	<b>R</b>	<b>R</b>	<b>R</b>
<b>Balance at 1 JULY 2010</b>	500,000	1,337,286	55,000,000	<b>194,522,420</b>
Correction of error - Refer to note 37.07	-	-	-	2,287,815
<b>Restated Balance at 1 JULY 2010</b>	<b>500,000</b>	<b>1,337,286</b>	<b>55,000,000</b>	<b>196,810,235</b>
Net Deficit for the year	-	-	-	(3,976,171)
Transfer to/from CRR	-	-	(25,000,000)	25,000,000
Transfer to Valuation Roll Reserve	500,000	-	-	(500,000)
<b>Restated Balance at 1 JULY 2011</b>	<b>1,000,000</b>	<b>1,337,286</b>	<b>30,000,000</b>	<b>217,334,064</b>
Net Surplus for the year	-	-	-	7,207,188
Transfer to CRR	-	-	4,564,188	(4,564,188)
Property, Plant and Equipment purchased	-	-	(14,064,188)	14,064,188
Transfer to Valuation Roll Reserve	500,000	-	-	(500,000)
<b>Balance at 30 JUNE 2012</b>	<b>1,500,000</b>	<b>1,337,286</b>	<b>20,500,000</b>	<b>233,541,252</b>

**Total**

**R**

<b>251,359,706</b>
2,287,815
<hr/>
<b>253,647,521</b>
(3,976,171)
-
-
<hr/>
<b>249,671,350</b>
7,207,188
-
-
-
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<b>256,878,537</b>
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**CAPE AGULHAS LOCAL MUNICIPALITY**

**CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2012**

	<b>Notes</b>	<b>2012 R</b>	<b>2011 R</b>
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
<b>Receipts</b>			
Ratepayers and other		126,151,291	107,441,403
Government		68,919,403	31,792,619
Interest		2,778,838	3,739,714
<b>Payments</b>			
Suppliers and employees		(181,982,751)	(149,388,480)
Finance charges	<b>33</b>	(350,594)	(448,285)
<b>Cash generated by operations</b>	<b>39</b>	<u>15,516,186</u>	<u>(6,863,029)</u>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Purchase of Property, Plant and Equipment	<b>13</b>	(22,612,879)	(26,857,552)
Purchase of Investment Property	<b>14</b>	(426,000)	-
Proceeds on Disposal of Fixed Assets		366,907	172,278
Decrease in Long-term Receivables		32,871	37,919
Purchase of Intangible Assets		(43,422)	(78,996)
<b>Net Cash from Investing Activities</b>		<u>(22,682,522)</u>	<u>(26,726,351)</u>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
New loans raised		731,147	-
Loans repaid		(635,455)	(979,178)
Increase in Consumer Deposits		272,429	243,323
<b>Net Cash absorbed from Financing Activities</b>		<u>368,121</u>	<u>(735,855)</u>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>		<u><u>(6,798,215)</u></u>	<u><u>(34,325,235)</u></u>
Cash and Cash Equivalents at the beginning of the year		33,382,975	67,708,209
Cash and Cash Equivalents at the end of the year	<b>40</b>	<u>26,584,761</u>	<u>33,382,975</u>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>		<u><u>(6,798,215)</u></u>	<u><u>(34,325,235)</u></u>

INSERT ACCOUNTING POLICY

**CAPE AGULHAS LOCAL MUNICIPALITY**  
**NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012**

	2012 R	2011 R
<b>2 NET ASSET RESERVES</b>		
RESERVES	23,337,286	32,337,286
Capital Replacement Reserve	20,500,000	30,000,000
Housing Development fund	1,337,286	1,337,286
Valuation Roll Reserve	1,500,000	1,000,000
<b>Total Net Asset Reserve and Liabilities</b>	<b>23,337,286</b>	<b>32,337,286</b>
<b>3 LONG TERM LIABILITIES</b>		
Annuity Loans - At amortised cost	818,793	1,000,691
Capitalised Lease Liability - At amortised cost	593,476	315,885
	<b>1,412,269</b>	<b>1,316,576</b>
<b>Less:</b> Current Portion transferred to Current Liabilities	<b>381,665</b>	<b>474,937</b>
Annuity Loans - At amortised cost	120,178	182,029
Capitalised Lease Liability - At amortised cost	261,487	292,908
<b>Total Long-term Liabilities - At amortised cost using the effective interest rate method</b>	<b>1,030,604</b>	<b>841,640</b>
Annuity loans at amortised cost is calculated at 15.00% interest rate a maturity date of 30 June 2017.		
The obligations under annuity loans are scheduled below:		
	<b>Minimum annuity payments</b>	
Amounts payable under annuity loans:		
Payable within one year	238,724	327,250
Payable within two to five years	954,478	954,829
Payable after five years	-	238,138
	1,193,202	1,520,218
<b>Less:</b> Future finance obligations	(374,409)	(519,526)
<b>Present value of annuity obligations</b>	<b>818,793</b>	<b>1,000,691</b>
The obligations under finance leases are scheduled below:		
	<b>Minimum lease payments</b>	
Amounts payable under finance leases:		
Payable within one year	303,541	311,920
Payable within two to five years	352,780	23,366
	656,321	335,285
<b>Less:</b> Future finance obligations	(62,845)	(19,400)
<b>Present value of lease obligations</b>	<b>593,476</b>	<b>315,885</b>
Leases are secured by property, plant and equipment - Note 13		
<b>4 EMPLOYEE BENEFITS</b>		
Post Retirement Benefits - Refer to Note 4.2	22,408,791	20,139,506
Long Service Awards - Refer to Note 4.3	3,026,247	2,721,557
<b>Total Non-current Employee Benefit Liabilities</b>	<b>25,435,038</b>	<b>22,861,063</b>
<b><u>Post Retirement Benefits</u></b>		
Balance 1 July	20,733,698	16,704,011
Contribution for the year	2,906,819	2,360,482
Expenditure for the year	(613,278)	(578,894)
Actuarial Loss	19,086	2,248,099
<b>Total post retirement benefits 30 June</b>	<b>23,046,325</b>	<b>20,733,698</b>
<b>Less:</b> Transfer of Current Portion - Note 7	(637,534)	(594,192)
<b>Balance 30 June</b>	<b>22,408,791</b>	<b>20,139,506</b>

**CAPE AGULHAS LOCAL MUNICIPALITY**  
**NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012**

	2012 R	2011 R
<b><u>Long Service Awards</u></b>		
Balance 1 July	2,983,946	2,288,169
Contribution for the year	603,307	472,674
Expenditure for the year	(178,492)	(145,661)
Actuarial Loss/(Gain)	(83,897)	368,764
<b>Total long service 30 June</b>	<b>3,324,864</b>	<b>2,983,946</b>
<b>Less:</b> Transfer of Current Portion - Note 7	(298,617)	(262,389)
<b>Balance 30 June</b>	<b>3,026,247</b>	<b>2,721,557</b>

**TOTAL NON-CURRENT EMPLOYEE BENEFITS**

Balance 1 July	23,717,644	18,992,180
Contribution for the year	3,510,126	2,833,156
Expenditure for the year	(791,770)	(724,556)
Actuarial Loss/(Gain)	(64,811)	2,616,864
<b>Total employee benefits 30 June</b>	<b>26,371,189</b>	<b>23,717,644</b>
<b>Less:</b> Transfer of Current Portion - Note 7	(936,151)	(856,581)
<b>Balance 30 June</b>	<b>25,435,038</b>	<b>22,861,063</b>

**4.1 Retirement funds**

The Municipality requested detailed employee and pensioner information as well as information on the Municipality's share of the Pension and Retirement Funds' assets from the fund administrator. The fund administrator confirmed that assets of the Pension and Retirement Funds are not split per participating employer. Therefore, the Municipality is unable to determine the value of the plan assets as defined in GRAP 25.

As part of the Municipality's process to value the defined benefit liabilities, the Municipality requested pensioner data from the fund administrator. The fund administrator claim that the pensioner data to be confidential and were not willing to share the information with the Municipality. Without detailed pensioner data the Municipality was unable to calculate a reliable estimate of the accrued liability in respect of pensioners who qualify for a defined benefit pension.

Therefore, although the Cape Joint Retirement Fund is a Multi Employer fund defined as defined benefit plan, it will be accounted for as defined contribution plan. All the required disclosure has been made as defined in GRAP 25.31.

**CAPE JOINT PENSION FUND**

The contribution rate payable is 9% by members and 18% by Council. The last actuarial valuation performed for the year ended 30 June 2010 revealed that the fund is in an sound financial position with a funding level of 98.10% (30 June 2010 - 100%). Actuarial valuations also determined that there were a shortfall in the investment return for the 30 June 2011 financial year.

Contributions paid recognised in the Statement of Financial Performance	48,793	9,053
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**CAPE RETIREMENT FUND**

The contribution rate payable is 9% by members and 18% by Council. The last actuarial valuation performed for the year ended 30 June 2010 revealed that the fund is in a sound financial position with a funding level of 116.9% (30 June 2010 - 100.3%).

Contributions paid recognised in the Statement of Financial Performance	4,963,028	4,637,367
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**DEFINED CONTRIBUTION FUNDS**

Council contribute to the Municipal Council Pension Fund and SAMWU National Provident Fund which are defined contribution funds. The retirement benefit fund is subject to the Pension Fund Act, 1956, with pension being calculated on the pensionable remuneration paid. Current contributions by Council are charged against expenditure on the basis of current service costs.

Contributions paid recognised in the Statement of Financial Performance

Municipal Councillors Pension Fund	223,274	253,463
SAMWU National Provident Fund	763,313	724,982
	<b>986,587</b>	<b>978,445</b>

**CAPE AGULHAS LOCAL MUNICIPALITY**  
**NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012**

**4.2 Post Retirement Benefits**

The Post Retirement Benefit Plan is a defined benefit plan, of which the members are made up as follows:

	2012 R	2011 R
In-service (employee) members	117	93
In-service (employee) non-members	162	189
Continuation members (e.g. Retirees, widows, orphans)	22	22
<b>Total Members</b>	<b>301</b>	<b>304</b>

The liability in respect of past service has been estimated to be as follows:

In-service members	10,841,739	10,841,739
Continuation members	9,891,959	9,891,959
<b>Total Liability</b>	<b>20,733,698</b>	<b>20,733,698</b>

The liability in respect of periods commencing prior to the comparative year has been estimated as follows:

	2010	2009 R	2008 R
<b>Total Liability</b>	<b>16,704,011</b>	<b>16,197,860</b>	<b>14,604,497</b>

The municipality makes monthly contributions for health care arrangements to the following medical aid schemes:

Bonitas;  
LA Health  
Hosmed  
Samwumed; and  
Keyhealth.

The Future-service Cost for the ensuing year is estimated to be R1 220 237, whereas the Interest- Cost for the next year is estimated to be R 1 984 578.

Key actuarial assumptions used:

	2012 %	2011 %
<b>i) Rate of interest</b>		
Discount rate	8.73%	8.73%
Health Care Cost Inflation Rate	7.29%	7.29%
Net Effective Discount Rate	1.34%	1.34%

**ii) Mortality rates**

The PA 90 ultimate table, rated down by 1 year of age was used by the actuaries.

**iii) Normal retirement age**

It has been assumed that in-service members will retire at age 60, which then implicitly allows for expected rates of early and ill-health retirement.

**iv) Valuation reports**

Valuations are performed bi-annually. The last valuation was performed on 27 September 2011.

**The amounts recognised in the Statement of Financial Position are as follows:**

	2012 R	2011 R
Present value of fund obligations	23,046,325	20,733,698
<b>Net liability</b>	<b>23,046,325</b>	<b>20,733,698</b>

The liability is unfunded.

**CAPE AGULHAS LOCAL MUNICIPALITY**  
**NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012**

	2012 R	2011 R
<b>Reconciliation of present value of fund obligation:</b>		
Present value of fund obligation at the beginning of the year	20,733,698	16,704,011
Total expenses	2,293,541	1,781,588
Current service cost	1,122,269	845,439
Interest Cost	1,784,550	1,515,043
Benefits Paid	(613,278)	(578,894)
Actuarial losses	19,086	2,248,099
Present value of fund obligation at the end of the year	23,046,325	20,733,698
<b>Less:</b> Transfer of Current Portion - Note 7	(637,534)	(594,192)
<b>Balance 30 June</b>	<b>22,408,791</b>	<b>20,139,506</b>

**Sensitivity Analysis on the Accrued Liability**

Assumption	In-service members liability (Rm)	Continuation members liability (Rm)	Total liability (Rm)	% change
Central Assumptions	10.842	9.892	20.734	

The effect of movements in the assumptions are as follows:

Assumption	Change	In-service members liability (Rm)	Continuation members liability (Rm)	Total liability (Rm)	% change
Health care inflation	1%	13.622	11.146	24.768	19%
Health care inflation	-1%	8.706	8.829	17.535	-15%
Post-retirement mortality	-1 year	11.231	10.224	21.455	3%
Average retirement age	-1 year	11.993	9.892	21.885	6%
Withdrawal Rate	-50%	12.313	9.892	22.205	7%

**4.3 Long Service Bonuses**

The Long Service Bonus plans are defined benefit plans. As at year end, 279 (2011 - 280) employees were eligible for Long Service Bonuses.

The Future-service Cost for the ensuing year is estimated to be R 406 541, whereas the Interest cost for the next year is estimated to be R252 320.

Key actuarial assumptions used:

**i) Rate of interest**

	2012 %	2011 %
Discount rate	7.94%	7.94%
General Salary Inflation (long-term)	6.30%	6.30%
Net Effective Discount Rate applied to salary-related Long Service Bonuses	1.54%	1.54%

**ii) Valuation reports**

Valuations are performed bi-annually. The last valuation was performed on 27 September 2011.

**The amounts recognised in the Statement of Financial Position are as follows:**

	2012 R	2011 R
Present value of fund obligations	3,324,864	2,983,946
<b>Net liability</b>	<b>3,324,864</b>	<b>2,983,946</b>

The liability is unfunded.

The liability in respect of periods commencing prior to the comparative year has been estimated as follows:

	2010	2009 R	2008 R
<b>Total Liability</b>	<b>2,288,169</b>	<b>1,930,123</b>	<b>1,730,999</b>

**CAPE AGULHAS LOCAL MUNICIPALITY**  
**NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012**

	2012 R	2011 R
<b>Reconciliation of present value of fund obligation:</b>		
Present value of fund obligation at the beginning of the year	2,983,946	2,288,169
Total expenses	424,815	327,013
Current service cost	376,641	269,159
Interest Cost	226,666	203,515
Benefits Paid	(178,492)	(145,661)
Actuarial (gains)/losses	(83,897)	368,764
Present value of fund obligation at the end of the year	3,324,864	2,983,946
<b>Less:</b> Transfer of Current Portion - Note 7	(298,617)	(262,389)
<b>Balance 30 June</b>	<b>3,026,247</b>	<b>2,721,557</b>

**Sensitivity Analysis on the Unfunded Accrued Liability**

Assumption	Change	Liability (Rm)	% change
Central assumptions		2.984	
General salary inflation	1%	3.246	9%
General salary inflation	-1%	2.752	-8%
Average retirement age	-2 yrs	2.647	-11%
Average retirement age	2 yrs	3.276	10%
Withdrawal rates	-50%	3.585	20%

<b>5</b>	<b>NON-CURRENT PROVISIONS</b>	<b>2012 R</b>	<b>2011 R</b>
	Provision for Rehabilitation of Landfill-sites	<b>10,751,870</b>	<b>2,581,485</b>
	<b><u>Landfill Sites</u></b>		
	Balance 1 July	2,864,405	2,691,486
	Additions	8,041,310	-
	Unwinding of discounted interest	143,220	172,919
	<b>Total provision 30 June</b>	<b>11,048,936</b>	<b>2,864,405</b>
	<b>Less:</b> Transfer of Current Portion to Current Provisions - Note 8	(297,066)	(282,920)
	<b>Balance 30 June</b>	<b>10,751,870</b>	<b>2,581,485</b>

The current year addition relates only to the Bredasdorp Landfill site. The Bredasdorp Landfill is used as the primary landfill site in the municipal area, with all the other locations used as transfer stations at large. The municipality appointed specialist waste management consultants to determine the landfill site closure provision on 30 June 2012 for the primary site. This investigation resulted in these additional costs to be incurred.

The municipality has an obligation to rehabilitate the following landfill sites at the end of the expected useful life of the asset. Details of the sites are as follows:

<u>Location</u>	<u>Estimated decommission date</u>		
Bredasdorp	2066	9,131,258	1,038,045
Napier	2055	47,250	45,000
Waenhuiskrans	2055	527,856	502,720
Struisbaai	2055	1,045,506	995,720
L'Agulhas	2009 (Over due)	297,066	282,920
		<b>11,048,936</b>	<b>2,864,405</b>

<b>6</b>	<b>CONSUMER DEPOSITS</b>		
	Electricity	2,004,022	1,890,734
	Water	1,148,681	989,539
	<b>Total Consumer Deposits</b>	<b>3,152,702</b>	<b>2,880,273</b>
	<b>Guarantees held in lieu of Electricity and Water Deposits</b>	<b>-</b>	<b>-</b>

The fair value of consumer deposits approximate their carrying value. Interest is not paid on these amounts.

**CAPE AGULHAS LOCAL MUNICIPALITY**  
**NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012**

7		2012 R	2011 R
	<b>CURRENT EMPLOYEE BENEFITS</b>		
	Current Portion of Post Retirement Benefits - Note 4	637,534	594,192
	Current Portion of Long-Service Provisions - Note 4	298,617	262,389
	Performance Bonuses	544,751	513,528
	Staff Leave	2,960,094	2,675,868
	Pension Fund Shortages	-	272,760
	<b>Total Current Employee Benefits</b>	<b>4,440,997</b>	<b>4,318,738</b>
	The movement in current employee benefits are reconciled as follows:		
	<b><u>Performance Bonuses</u></b>		
	Balance at beginning of year	513,528	435,514
	Contribution to current portion	544,751	513,528
	Expenditure incurred	(513,528)	(435,514)
	Balance at end of year	<b>544,751</b>	<b>513,528</b>
	Performance bonuses are being paid to Municipal Manager and Directors after an evaluation of performance by the council. There is no possibility of reimbursement.		
	<b><u>Staff Leave</u></b>		
	Balance at beginning of year	2,675,868	2,164,782
	Contribution to current portion	586,776	693,690
	Expenditure incurred	(302,550)	(182,604)
	Balance at end of year	<b>2,960,094</b>	<b>2,675,868</b>
	Staff leave accrued to employees according to collective agreement. Provision is made for the full cost of accrued leave at reporting date. This provision will be realised as employees take leave. There is no possibility of reimbursement.		
	<b><u>Pension</u></b>		
	Balance at beginning of year	272,760	272,760
	Expenditure incurred	(272,760)	-
	Balance at end of year	<b>-</b>	<b>272,760</b>
	The Council contributes to the Cape Joint Pension Fund. The conditions of the fund stipulate that any shortfall in the fund may be recovered from municipalities. The fund indicated that a shortfall arose and that the municipality is liable for this contribution.		
8	<b>PROVISIONS</b>		
	Current Portion of Rehabilitation of Landfill-sites - Note 5	297,066	282,920
	<b>Total Provisions</b>	<b>297,066</b>	<b>282,920</b>



**CAPE AGULHAS LOCAL MUNICIPALITY**  
**NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012**

9	<b>PAYABLES FROM EXCHANGE TRANSACTIONS</b>	<b>2012 R</b>	<b>2011 R</b>
	Trade Payables	3,476,767	4,231,367
	Pre-Paid Electricity	121,161	96,949
	Debtors with credit balances	922,836	875,597
	Sundry Creditors	440,516	66,549
	Payments received in advance	187,143	133,948
	Balance previously reported		193,503
	Correction of error - Refer to note 37.04		(59,555)
	Retentions	997,283	1,306,804
	Balance previously reported		1,586,448
	Correction of error - Refer to note 37.04		(279,644)
	Sundry Deposits	808,031	658,776
	<b>Total Trade Payables</b>	<b>6,953,737</b>	<b>7,369,990</b>

Payables are being recognised net of any discounts.

Payables are being paid within 30 days as prescribed by the MFMA. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of trade and other payables on initial recognition is not deemed necessary.

The carrying value of trade and other payables approximates its fair value.

All payables are unsecured.

Sundry deposits include Hall, Builders and Housing Deposits.

10	<b>UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS</b>		
	<b>Unspent Grants</b>	4,527,986	1,768,346
	National Government Grants	3,710	465,252
	Provincial Government Grants	3,692,979	1,303,095
	Other Grant Providers	831,297	-
	<b>Less: Unpaid Grants</b>	<b>3,723,773</b>	<b>3,336,380</b>
	National Government Grants	968,536	299,852
	Provincial Government Grants	2,755,237	3,036,529
	<b>Total Conditional Grants and Receipts</b>	<b>804,213</b>	<b>(1,568,034)</b>

See appendix "F" for reconciliation of grants from other spheres of government. The Unspent Grants are cash-backed by term deposits. The municipality complied with the conditions attached to all grants received to the extent of revenue recognised. No grants were withheld.

Unspent grants can mainly be attributed to projects that are work in progress on the relevant financial year-ends.

11	<b>UNSPENT PUBLIC CONTRIBUTIONS</b>		
	Soccer 2010	-	-
	Total Unspent Public Contributions	-	-
	Reconciliation of public contributions		
	<u>Soccer 2010</u>		
	Opening balance	-	5,000
	Contributions received	-	50,000
	Conditions met - Transferred to revenue	-	(55,000)
	Closing balance	-	-

12	<b>TAXES</b>		
	VAT Payable	1,336,607	1,079,243
	VAT Receivable	(938,233)	(1,218,923)
		398,374	(139,679)
	Balance previously reported		319,138
	Correction of error - Refer to note 37.02		(458,817)
			(139,679)

VAT is payable/receivable on the cash basis.

**CAPE AGULHAS LOCAL MUNICIPALITY**  
**NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012**

		2012	2011
		R	R
13	PROPERTY, PLANT AND EQUIPMENT		
	<u>See attached sheet</u>		



**CAPE AGULHAS LOCAL MUNICIPALITY**  
**NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012**

<b>14</b>	<b>INVESTMENT PROPERTY</b>	<b>2012</b> <b>R</b>	<b>2011</b> <b>R</b>
	<b>Net Carrying amount at 1 July</b>	<b>36,223,113</b>	<b>36,225,843</b>
	Balance previously reported		35,822,083
	Correction of error - Refer to note 37.06		403,760
	Acquisitions	426,000	-
	Depreciation for the year	(2,734)	(2,730)
	Balance previously reported		(1,610)
	Correction of error - Refer to note 37.06		(1,120)
	Disposals	(49,000)	-
	<b>Net Carrying amount at 30 June</b>	<b>36,597,378</b>	<b>36,223,113</b>
	Cost	36,653,800	36,276,800
	Accumulated Depreciation	(56,422)	(53,687)
	There are no restrictions on the realisability of Investment Property or the remittance of revenue and proceeds of disposal.		
	There are no contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancements.		
<b>15</b>	<b>INTANGIBLE ASSETS</b>		
	<b>Computer Software</b>		
	<b>Net Carrying amount at 1 July</b>	<b>99,347</b>	<b>36,094</b>
	Acquisitions	37,339	78,996
	Acquisitions - CAMLEDA	6,082	-
	Amortisation	(32,769)	(15,743)
	<b>Net Carrying amount at 30 June</b>	<b>110,000</b>	<b>99,347</b>
	Cost	162,317	118,896
	Accumulated Amortisation	(52,317)	(19,549)
	No intangible asset were assessed having an indefinite useful life.		
	There are no internally generated intangible assets at reporting date.		
	There are no intangible assets whose title is restricted.		
	There are no intangible assets pledged as security for liabilities		
	There are no contractual commitments for the acquisition of intangible assets.		
<b>16</b>	<b>CAPITALISED RESTORATION COST</b>		
	<b>Net Carrying amount at 1 July</b>	<b>1,249,084</b>	<b>1,302,563</b>
	Additions	8,041,310	-
	Depreciation	(26,813)	(27,371)
	Impairment	(1,308)	(26,108)
	<b>Net Carrying amount at 30 June</b>	<b>9,262,274</b>	<b>1,249,084</b>
	Cost	9,534,991	1,493,680
	Accumulated Depreciation	(237,270)	(210,457)
	Accumulated Impairments	(35,447)	(34,139)
<b>17</b>	<b>LONG-TERM RECEIVABLES</b>		
	Loans to organisations - at amortised cost	23,170	28,822
	Individual housing loans	363,074	390,293
		386,244	419,116
	<b>Less:</b> Current portion transferred to current receivables	(5,938)	(5,652)
	Loans to organisations - at amortised cost	(5,938)	(5,652)
	<b>Total Long Term Receivables</b>	<b>380,306</b>	<b>413,464</b>
<b>18</b>	<b>INVENTORY</b>		
	Consumable Stores - Stationery and materials - At cost	951,432	831,714
	Water – At cost	21,993	19,349
	<b>Total Inventory</b>	<b>973,426</b>	<b>851,063</b>
	No inventory assets were pledged as security for liabilities.		

**CAPE AGULHAS LOCAL MUNICIPALITY**  
**NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012**

19

**RECEIVABLES FROM EXCHANGE TRANSACTIONS**

**Service Receivables**

Electricity
Balance previously reported
Correction of error - Refer to note 37.05
Water
Balance previously reported
Correction of error - Refer to note 37.05
Refuse
Sewerage
Other Services

**Other Receivables**

Asset Sales
Other Arrears

**Total Service Receivables**

Less: Allowance for Doubtful Debts

**Net Service Receivables**

2012 R	2011 R
<b>17,166,611</b>	<b>13,766,494</b>
9,055,411	7,133,169
	5,572,451
	1,560,718
2,974,057	2,522,127
	2,225,987
	296,140
1,467,777	1,235,557
851,249	713,920
2,818,116	2,161,721
<b>549,943</b>	<b>608,504</b>
484,853	484,853
65,090	123,651
<b>17,716,553</b>	<b>14,374,998</b>
(5,061,200)	(4,356,258)
<b>12,655,354</b>	<b>10,018,739</b>

Included in the outstanding balances are consumer debtors to the value of R 971 142 (2011 - R527 879), who have made arrangements to repay their outstanding debt over a re-negotiated period.

Consumer debtors are payable within 30 days. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of trade and other receivables on initial recognition is not deemed necessary

**Ageing of Receivables from Exchange Transactions**

**(Electricity): Ageing**

Current (0 - 30 days)	8,025,818	6,201,568
31 - 60 Days	105,281	84,104
61 - 90 Days	53,754	123,004
+ 90 Days	870,559	724,494
<b>Total</b>	<b>9,055,411</b>	<b>7,133,169</b>

**(Water): Ageing**

Current (0 - 30 days)	1,765,786	1,470,277
31 - 60 Days	115,692	135,973
61 - 90 Days	77,943	120,814
+ 90 Days	1,014,635	795,062
<b>Total</b>	<b>2,974,057</b>	<b>2,522,127</b>

**(Refuse): Ageing**

Current (0 - 30 days)	867,199	694,559
31 - 60 Days	53,110	42,324
61 - 90 Days	36,902	53,840
+ 90 Days	510,566	444,834
<b>Total</b>	<b>1,467,777</b>	<b>1,235,557</b>

**(Sewerage): Ageing**

Current (0 - 30 days)	465,497	387,695
31 - 60 Days	33,431	29,802
61 - 90 Days	23,507	43,145
+ 90 Days	328,814	253,279
<b>Total</b>	<b>851,249</b>	<b>713,920</b>

**(Other): Ageing**

Current (0 - 30 days)	971,945	530,371
31 - 60 Days	48,676	79,087
61 - 90 Days	57,144	64,335
+ 90 Days	1,740,351	1,487,928
<b>Total</b>	<b>2,818,116</b>	<b>2,161,721</b>

**CAPE AGULHAS LOCAL MUNICIPALITY**  
**NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012**

	2012 R	2011 R
<b><u>(Total): Ageing</u></b>		
Current (0 - 30 days)	12,096,245	9,284,470
31 - 60 Days	356,191	371,290
61 - 90 Days	249,250	405,138
+ 90 Days	4,464,925	3,705,596
<b>Total</b>	<b>17,166,611</b>	<b>13,766,494</b>

**Reconciliation of the doubtful debt provision**

Balance at beginning of the year	4,356,258	5,178,660
Contributions to provision/(Reversal of provision)	945,711	(447,879)
Doubtful debts written off against provision	(240,769)	(374,522)
<b>Balance at end of year</b>	<b>5,061,200</b>	<b>4,356,258</b>

The Provision for Impairment could be allocated between the different classes of receivables as follows:

Electricity	1,130,938	1,163,774
Water	999,705	854,151
Refuse	513,430	499,740
Sewerage	330,219	280,818
Other Services	1,602,055	1,557,776
Other Receivables	484,853	-
	<b>5,061,200</b>	<b>4,356,258</b>

In determining the recoverability of a receivable, the Municipality considers any change in the credit quality of the trade receivable from the date the credit was initially granted, up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, management believes no further credit provisions are required in excess of the present allowance for doubtful debts.

**20 RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS**

<b>Service Receivables</b>	<b>2,930,673</b>	<b>2,268,738</b>
Rates	2,930,673	2,268,738
<b>Other Receivables</b>	<b>841,358</b>	<b>5,764</b>
Staff	10,062	5,764
CAMLEDA Trust Account	831,297	-
	<b>3,772,031</b>	<b>2,274,503</b>
Less: Allowance for Doubtful Debts	(1,136,945)	(1,080,472)
	<b>2,635,087</b>	<b>1,194,031</b>

**Ageing of Receivables from Non-Exchange Transactions**

**(Rates): Ageing**

Current (0 - 30 days)	1,668,626	1,292,223
31 - 60 Days	57,817	44,711
61 - 90 Days	48,432	28,142
+ 90 Days	1,155,798	903,663
<b>Total</b>	<b>2,930,673</b>	<b>2,268,738</b>

Debts are required to be settled after 30 days, interest is charged after this date at prime +1%.

The fair value of receivables approximates their carrying amounts.

**Reconciliation of the doubtful debt provision**

Balance at beginning of the year	1,080,472	1,356,712
Contributions to provision/(Reversal of provision)	62,368	(275,408)
Doubtful debts written off against provision	(5,895)	(832)
<b>Balance at end of year</b>	<b>1,136,945</b>	<b>1,080,472</b>

The entire provision for bad debts relates to the outstanding rates balance.

In determining the recoverability of a receivable, the Municipality considers any change in the credit quality of the trade receivable from the date the credit was initially granted, up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, management believes no further credit provisions are required in excess of the present allowance for doubtful debts.

**CAPE AGULHAS LOCAL MUNICIPALITY**  
**NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012**

		2012 R	2011 R
<b>21</b>	<b>OPERATING LEASE ARRANGEMENTS</b>		
<b>21.1</b>	<b>The Municipality as Lessor</b>		
	<b>Balance on 1 July</b>	20,259	16,702
	Movement in lease asset for the year	28,329	3,556
	Balance previously reported		(10,994)
	Correction of error - Refer to note 37.01		14,550
	<b>Balance on 30 June</b>	<b>48,588</b>	<b>20,259</b>
	At the Statement of Financial Position date, where the municipality acts as a lessor under operating leases, it will receive operating lease income as follows:		
	Up to 1 Year	391,113	275,326
	1 to 5 Years	848,203	1,065,222
	More than 5 Years	147,559	182,906
	<b>Total Operating Lease Arrangements</b>	<b>1,386,875</b>	<b>1,523,454</b>
	This lease income was determined from contracts that have a specific conditional income and does not include lease income which has a undetermined conditional income.		
	The leases are in respect of land and buildings being leased out for periods ranging until 2021.		
<b>22</b>	<b>CASH AND CASH EQUIVALENTS</b>		
	<b>Assets</b>		
	Primary Bank Account	26,572,061	33,370,275
	Cash Floats	12,700	12,700
	<b>Total Cash and Cash Equivalents - Assets</b>	<b>26,584,761</b>	<b>33,382,975</b>
	Cash and cash equivalents comprise cash held and short term deposits. The carrying amount of these assets approximates their fair value.		
	All Investments were withdrawn on 30 June. Cash and cash equivalents are held to fund the following commitments:		
	Unspent Conditional Grants	4,527,986	1,768,346
	Capital Replacement Reserve	20,500,000	30,000,000
	Valuation Roll Reserve	1,500,000	1,000,000
		<b>26,527,986</b>	<b>32,768,346</b>
	A bank overdraft facility of R2 000 000 exists at ABSA.		
	Guarantees are held at ABSA and Nedbank in the name of the following entities :		
	Building of dam (Nedbank)	7,000	7,000
	The Post Office	50,000	50,000
		<b>57,000</b>	<b>57,000</b>
	The municipality has the following bank accounts:		
	<b>Current Accounts</b>		
	Bredasdorp ABSA - Account number 40 5883 2586 (Primary Bank Account)	26,572,061	33,370,275
		<b>26,572,061</b>	<b>33,370,275</b>
	<b>Bredasdorp ABSA - Account number 40 5883 2586 (Primary Bank Account)</b>		
	Cash book balance at beginning of year	33,370,275	67,702,707
	Cash book balance at end of year	26,572,061	33,370,275
	Bank statement balance at beginning of year	33,638,106	67,541,994
	Bank statement balance at end of year	24,827,306	33,638,106

**CAPE AGULHAS LOCAL MUNICIPALITY**  
**NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012**

23

**PROPERTY RATES**

**Actual**

**Rateable Land and Buildings**

Residential, Commercial Property, State

**Less: Rebates**

**Total Assessment Rates**

**2012  
R**

**2011  
R**

32,553,543	28,567,550
32,553,543	28,567,550
(126,376)	(98,034)
<b>32,427,167</b>	<b>28,469,515</b>

**Valuations**

**Rateable Land and Buildings**

Residential  
 Business & Commercial  
 Public benefit Organizations  
 State-owned  
 Agricultural  
 Other

6,313,227,100	6,103,798,530
538,629,400	519,720,400
60,837,000	60,321,000
177,251,000	143,077,000
1,263,773,600	1,434,763,800
434,500,150	283,514,000

**Total Assessment Rates**

<b>8,788,218,250</b>	<b>8,545,194,730</b>
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Valuations on land and buildings are performed every four years. The last valuation came into effect on 1 July 2009. Rebates were granted on land with buildings used solely for dwellings purposes as follows: Residential - The first R15 000 on the valuation is exempted.

**Rebates on Income - Basic Rate:**

Single Tariff (Excluding Agricultural)  
 Agricultural Land

0.004411 c / R	0.004010 c / R
0.001103 c / R	0.001003 c / R

Rates are levied annually and monthly. Monthly rates are payable by the 25th of the following month and annual rates are payable before 30 September. Interest is levied at the prime rate plus 1% on outstanding monthly rates.

Rebates can be defined as any income that the Municipality is entitled by law to levy, but which has subsequently been forgone by way of rebate or remission.

24

**GOVERNMENT GRANTS AND SUBSIDIES**

**Unconditional Grants**

Equitable Share

**Conditional Grants**

Grants and donations  
 Subsidies

**Total Government Grants and Subsidies**

Government Grants and Subsidies - Capital  
 Government Grants and Subsidies - Operating

**14,805,000**      **13,494,036**

14,805,000	13,494,036
------------	------------

**51,782,632**      **29,241,203**

48,749,082	21,041,630
3,033,551	8,199,573

**66,587,632**      **42,735,239**

8,592,112	7,965,368
57,995,520	34,769,870
<b>66,587,632</b>	<b>42,735,239</b>

Revenue recognised per vote as required by Section 123 (c) of the MFMA

Equitable share

Executive and Council  
 Corporate Services  
 Community and Social Services  
 Road Transport

14,805,000      13,494,036

45,450,291	20,567,855
298,611	128,775
3,000,180	345,000
3,033,551	8,199,573

**66,587,632**      **42,735,239**

The municipality does not expect any significant changes to the level of grants.

**24.1 Equitable share**

Opening balance  
 Grants received  
 Conditions met - Operating  
 Conditions still to be met

-	-
14,805,000	13,494,036
(14,805,000)	(13,494,036)
-	-

The Equitable Share is the unconditional share of the revenue raised nationally and is being allocated in terms of Section 214 of the Constitution (Act 108 of 1996) to the municipality by the National Treasury.



**CAPE AGULHAS LOCAL MUNICIPALITY**  
**NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012**

	2012 R	2011 R
<b>24.2 Local Government Financial Management Grant (FMG)</b>		
Opening balance	433,856	1,151,058
Grants received	1,250,000	1,250,000
Conditions met - Operating	(1,677,480)	(1,944,042)
Conditions met - Capital	(7,588)	(23,160)
Conditions still to be met/(Grant expenditure to be recovered)	<u>(1,212)</u>	<u>433,856</u>

The Financial Management Grant is paid by National Treasury to municipalities to help implement the financial reforms required by the Municipal Finance Management Act (MFMA), 2003. The FMG Grant also pays for the cost of the Financial Management Internship Programme (e.g. salary costs of the Financial Management Interns).

<b>24.3 Municipal Systems Improvement Grant (MSIG)</b>		
Opening balance	31,395	-
Grants received	790,000	750,000
Conditions met - Operating	(145,163)	(577,289)
Conditions met - Capital	(672,522)	(141,316)
Conditions still to be met	<u>3,710</u>	<u>31,395</u>

The MSIG was used for building in-house capacity to perform municipal functions and stabilise institutional and governance systems.

<b>24.4 Municipal Infrastructure Grant (MIG)</b>		
Opening balance	(299,852)	6,446,654
Grants received	8,479,000	-
Conditions met - Operating	(1,498,186)	-
Conditions met - Capital	(7,644,485)	(6,746,506)
Grant expenditure to be recovered	<u>(963,523)</u>	<u>(299,852)</u>

The grant was used to upgrade infrastructure in previously disadvantaged areas.

<b>24.5 Housing Grants</b>		
Opening balance	1,143,734	905,734
Grants received	31,308,792	9,087,564
Conditions met - Operating	(32,898,358)	(8,849,564)
Conditions still to be met/(Grant expenditure to be recovered)	<u>(445,832)</u>	<u>1,143,734</u>

Housing grants was utilised for the development of erven and the erection of top structures.

<b>24.6 Proclaimed road subsidy</b>		
Opening balance	(3,036,529)	-
Grants received	4,740,000	5,163,044
Conditions met - Operating	(3,033,551)	(8,199,573)
Grant expenditure to be recovered	<u>(1,330,079)</u>	<u>(3,036,529)</u>

The subsidy is utilised to upgrade the provincial road network in the municipal area.

<b>24.7 Expanded Public Works Program (EPWP)</b>		
Opening balance	-	-
Grants received	429,000	-
Conditions met - Operating	(300,894)	-
Conditions met - Capital	(128,106)	-
Conditions still to be met	<u>-</u>	<u>-</u>

This program is aimed at providing poverty en income relief through the creation of temporary work opportunities.

<b>24.8 IDC - Pre Establishment Grant</b>		
Opening balance	-	-
Grants received	1,152,000	-
Interest Received	40,476	-
Conditions met - Operating	(306,688)	-
Conditions met - Capital	(54,492)	-
Conditions still to be met	<u>831,297</u>	<u>-</u>

This grant is utilised to fund the pre-establishment phase of the municipal development agency to be registered. The entity will be registered as an separate entity, named CAMLEDA.

**CAPE AGULHAS LOCAL MUNICIPALITY**  
**NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012**

	2012 R	2011 R
<b>24.9 Other Grants</b>		
Opening balance	159,360	871,140
Grants received	5,965,611	2,047,975
Conditions met - Operating	(3,330,199)	(1,705,367)
Conditions met - Capital	(84,920)	(1,054,387)
Conditions still to be met	<u>2,709,852</u>	<u>159,360</u>
Various grants were received from other spheres of government (e.g. Library fund, Skills Development Grant, Flood Damage and Mobility Strategy grant)		
<b>25 Total Grants</b>		
Opening balance	(1,568,034)	9,374,586
Grants received	68,919,403	31,792,619
Interest Received	40,476	-
Conditions met - Operating	(57,995,520)	(34,769,870)
Conditions met - Capital	(8,592,112)	(7,965,368)
Conditions still to be met/(Grant expenditure to be recovered)	<u>804,213</u>	<u>(1,568,034)</u>
<u>Disclosed as follows:</u>		
Unspent Conditional Government Grants and Receipts	4,527,986	1,768,346
Unpaid Conditional Government Grants and Receipts	(3,723,773)	(3,336,380)
	<u>804,213</u>	<u>(1,568,034)</u>
<b>25 SERVICE CHARGES</b>		
Electricity	62,649,705	50,109,102
Water	15,355,064	13,303,878
Refuse removal	9,328,056	8,285,376
Sewerage and Sanitation Charges	<u>5,671,209</u>	<u>4,885,451</u>
	93,004,035	76,583,807
Less: Rebates	(5,980,563)	(5,383,890)
<b>Total Service Charges</b>	<u>87,023,471</u>	<u>71,199,917</u>
<b>26 OTHER INCOME</b>		
Connections - Electricity	467,437	695,500
Connections - Water	211,354	232,214
Building Plan Fees	468,748	369,581
Garden Refuse Removal	281,845	88,565
Sundry Income	695,035	736,438
<b>Total Other Income</b>	<u>2,124,419</u>	<u>2,122,299</u>
Other income represents sundry income such as administration income, building plans and legal income.		
<b>28 EMPLOYEE RELATED COSTS</b>		
Long Service Awards	603,307	472,674
Post Retirement Medical	2,906,819	2,360,482
Employee related costs - Salaries and Wages	41,961,734	39,540,045
Group Life Insurance	793,341	620,663
Housing Subsidy	374,856	352,844
Leave Reserve Fund	586,776	693,690
Overtime	2,044,020	1,936,952
Employee related costs - Contributions for UIF, pensions and medical aids	8,082,970	7,427,377
Standby Allowances	1,188,886	1,479,005
Travel, motor car, telephone, assistance and other allowances	3,444,845	3,003,464
<b>Total Employee Related Costs</b>	<u>61,987,554</u>	<u>57,887,196</u>

**KEY MANAGEMENT PERSONNEL**

The Municipal Manager, the Chief Financial Officer, the Manager: Corporate Services, the Manager: Community Services and the Manager: Civil Engineering Services are appointed on a 5-year contract. There are no post-employment or termination benefits payable to them at the end of the contract period.

**CAPE AGULHAS LOCAL MUNICIPALITY**  
**NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012**

	2012 R	2011 R
<b>REMUNERATION OF KEY MANAGEMENT PERSONNEL</b>		
<i>Remuneration of the Municipal Manager - R Stevens</i>		
Annual Remuneration	770,431	733,710
Performance Bonuses	130,089	119,919
Car Allowance	93,763	64,327
Subsistence and Travel	9,369	17,029
SALGA contribution	49	49
Contribution to Group Insurance	19,176	15,426
Contributions to UIF, Medical and Pension Funds	174,673	157,819
<b>Total</b>	<b>1,197,550</b>	<b>1,108,279</b>
<i>Remuneration of the Manager: Community Services - J Marthinus</i>		
Annual Remuneration	498,268	516,943
Performance Bonuses	95,860	88,366
Travelling Allowance	70,146	81,230
Subsistence and Travel	1,391	14,643
SALGA contribution	45	49
Contribution to Group Insurance	12,388	10,868
Contributions to UIF, Medical and Pension Funds	120,005	124,071
<b>Total</b>	<b>798,105</b>	<b>836,170</b>
<i>Remuneration of the Manager: Corporate Services - S Ngwevu</i>		
Annual Remuneration	536,893	509,736
Performance Bonuses	61,624	69,431
Travelling Allowance	85,210	94,451
Subsistence and Travel	3,390	5,060
SALGA contribution	49	49
Contribution to Group Insurance	13,364	10,717
Contributions to UIF, Medical and Pension Funds	119,460	115,260
<b>Total</b>	<b>819,990</b>	<b>804,704</b>
<i>Remuneration of the Manager: Civil Engineering Services - N Kotze</i>		
Annual Remuneration	544,076	516,943
Performance Bonuses	95,860	69,431
Travelling Allowance	89,350	90,811
Subsistence and Travel	4,437	20,219
SALGA contribution	49	49
Contribution to Group Insurance	13,543	10,868
Contributions to UIF, Medical and Pension Funds	139,022	131,416
<b>Total</b>	<b>886,336</b>	<b>839,737</b>
<i>Remuneration of the Chief Financial Officer - H Schlebusch</i>		
Annual Remuneration	557,235	530,143
Performance Bonuses	95,860	88,366
Car Allowance	59,241	65,029
Subsistence and Travel	12,912	8,278
SALGA contribution	49	49
Contribution to Group Insurance	13,870	11,146
Contributions to UIF, Medical and Pension Funds	119,043	111,669
<b>Total</b>	<b>858,211</b>	<b>814,679</b>
<b>29 REMUNERATION OF COUNCILLORS</b>		
Executive Mayor	590,233	559,043
Executive Deputy Mayor	476,750	447,526
Speaker	476,914	478,753
Mayoral Committee Members	459,648	396,831
Councillors	915,839	974,974
<b>Total Councillors' Remuneration</b>	<b>2,919,384</b>	<b>2,857,127</b>
<i>In-kind Benefits</i>		
The Executive Mayor, Deputy Executive Mayor, Speaker and one mayoral committee member are full-time. They are provided with secretarial support and an office each at the cost of the Council.		
<b>30 DEBT IMPAIRMENT</b>		
Receivables from exchange transactions - Refer to note 19	945,711	(447,879)
Receivables from non-exchange transactions - Refer to note 20	62,368	(275,408)
<b>Total Contribution to Impairment Provision/(Reversal of provision)</b>	<b>1,008,078</b>	<b>(723,288)</b>
Less VAT included in contribution for the year	(4,220)	149,556
<b>Debt impairment recognised in statement of financial performance</b>	<b>1,003,858</b>	<b>(573,732)</b>

**CAPE AGULHAS LOCAL MUNICIPALITY**  
**NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012**

<b>31</b>	<b>DEPRECIATION AND AMORTISATION</b>	<b>2012 R</b>	<b>2011 R</b>
	Property Plant & Equipment	5,949,498	5,670,988
	Landfill Sites	26,813	27,539
	Investment Property	2,734	2,730
	Intangible Assets	32,769	15,743
		<u><b>6,011,814</b></u>	<u><b>5,717,000</b></u>
<b>32</b>	<b>IMPAIRMENTS</b>		
	Landfill Sites	1,308	26,108
		<u><b>1,308</b></u>	<u><b>26,108</b></u>
<b>33</b>	<b>FINANCE CHARGES</b>		
	Long-term Liabilities	145,430	195,649
	Finance leases	61,945	79,717
	Landfill Sites	143,220	172,919
	<b>Total finance charges</b>	<u><b>350,594</b></u>	<u><b>448,285</b></u>
<b>34</b>	<b>BULK PURCHASES</b>		
	Electricity	44,056,532	34,134,441
	Water	607,031	337,363
	<b>Total Bulk Purchases</b>	<u><b>44,663,562</b></u>	<u><b>34,471,804</b></u>
<b>35</b>	<b>OPERATING GRANT EXPENDITURE</b>		
	Proclaimed Roads	3,283,022	-
	Financial and Systems Management	1,592,116	2,269,849
	Housing	32,999,609	8,849,564
	CAMLEDA Pre-Establishment Costs	306,688	-
	Other	666,993	379,584
	<b>Total Operating Grant Expenditure</b>	<u><b>38,848,429</b></u>	<u><b>11,498,997</b></u>

**CAPE AGULHAS LOCAL MUNICIPALITY**  
**NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012**

36	GENERAL EXPENSES	2012 R	2011 R
	Advertising	236,947	135,876
	Advertising & Tourism	660,000	600,000
	Audit Committee Allowances	58,496	58,941
	Audit fees	1,406,963	1,343,094
	Bank Charges	480,726	338,159
	Chemicals	810,945	620,492
	Cleaning material	158,803	140,210
	Cleaning projects	281,914	255,410
	Cleaning services & washing	53,695	48,313
	Computer Services & License fees	1,084,832	823,732
	Contributions - Pensioners	70,715	261,749
	Donations	85,500	86,000
	Entertainment costs	122,447	119,115
	Feeding Schemes	-	553,147
	Free Basic Electricity and Indigent Subsidy	613,081	300,156
	Fuel Cost	2,351,272	1,814,845
	Holiday Programmes & Entertainment	213,072	523,675
	Housing Development Fund	458,224	792,778
	Human Development	368,463	216,852
	Insurance	400,958	311,921
	Legal fees	1,372,150	740,874
	License fees - Radios	31,030	8,960
	License fees - Vehicles	93,085	96,861
	Local Economic Development	190,281	169,039
	Oil & Lubricants	49,222	33,713
	Postage	410,814	384,014
	Printing & Stationery	712,785	658,363
	Professional & Consultancy fees	1,622,269	4,205,370
	Protective Clothing	218,819	217,991
	Public Communication	234,153	539,820
	Recruiting Costs	95,306	57,453
	Refuse Bags	444,558	326,681
	Rental Paid	949,162	1,268,936
	Security Services	453,245	412,839
	Service Charges	2,751,808	2,369,989
	Service connections - new	161,100	327,666
	Social assistance	14,246	57,142
	Socio-Economic Development	256,796	217,307
	Structure - & Zoning planning	142,421	74,300
	Subscriptions - Organisations	460,543	286,454
	Subsistence & Travel Allowances	434,399	572,962
	Telephone costs	1,549,044	1,525,685
	Training & Development - Staff	486,578	252,934
	Training Levy	489,763	436,532
	Transfer costs	56,239	26,530
	Union Representative	26,405	30,887
	Valuation Costs	320,591	320,164
	Ward Committees	298,709	253,707
	Workmens Compensation Contributions	367,389	329,154
	Other	1,249,065	1,081,224
	General Expenses	<b>25,859,023</b>	<b>26,628,014</b>

General expenses contains administrative and technical expenses otherwise not provided for in the line-items of the Statement of Financial performance. This include items such as telecommunications, travelling, legal fees, auditing fees and consulting fees.

37	CORRECTION OF ERROR IN TERMS OF GRAP 3	2011 R
<b>37.01</b>	<b>OPERATING LEASE ARRANGEMENTS</b>	
	<b>Balance previously reported</b>	<b>5,708</b>
	Lease contracts incorrectly not included in lease smoothing calculations - Refer to note 38	14,550
		<b>20,259</b>
<b>37.02</b>	<b>TAXES</b>	
	<b>Balance previously reported</b>	<b>319,138</b>
	Correction of debt impairment charges incorrectly recognised inclusive of VAT in statement of financial performance	(458,817)
	Effect on periods commencing on or before 30 June 2010 - Refer to note 37.07	(608,373)
	Effect on 2010/2011 - Refer to note 38	149,556
		<b>(139,679)</b>

**CAPE AGULHAS LOCAL MUNICIPALITY**  
**NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012**

	<b>2011</b>
	<b>R</b>
<b>37.03 PROPERTY PLANT AND EQUIPMENT</b>	
<b>Balance previously reported</b>	<b>207,573,707</b>
Correction of discrepancies identified on accumulated depreciation on 30 June 2011 (Infrastructure)	(1,456,751)
Effect on periods commencing on or before 30 June 2010 - Refer to note 37.07	(717,594)
Effect on 2010/2011 - Refer to note 38	(739,157)
	<b>206,116,956</b>
<b>37.04 PAYABLES FROM EXCHANGE TRANSACTIONS</b>	
<b>Balance previously reported</b>	<b>7,709,189</b>
Correction of retention balances originating from periods commencing before 30 June 2010 - Refer to note 37.07	(279,644)
Correction of rental receipts incorrectly allocated to a payables account instead of income	(59,555)
Effect on periods commencing on or before 30 June 2010 - Refer to note 37.07	(37,241)
Effect on 2010/2011 - Refer to note 38	(22,314)
	<b>7,369,990</b>
<b>37.05 RECEIVABLES FROM EXCHANGE TRANSACTIONS</b>	
<b>Balance previously reported</b>	<b>8,161,881</b>
Unmetered Water Usage incorrectly not accounted for.	296,140
Effect on periods commencing on or before 30 June 2010 - Refer to note 37.07	285,339
Effect on 2010/2011 - Refer to note 38	10,801
Unmetered Electricity Usage incorrectly not accounted for.	1,560,718
Effect on periods commencing on or before 30 June 2010 - Refer to note 37.07	1,391,052
Effect on 2010/2011 - Refer to note 38	169,667
	<b>10,018,739</b>
<b>37.06 INVESTMENT PROPERTY</b>	
<b>Balance previously reported</b>	<b>35,820,473</b>
First time recognition of properties previously not recognised - Refer to note 37.07	406,000
First time recognition of depreciation on properties previously not recognised	(3,360)
Effect on periods commencing on or before 30 June 2010 - Refer to note 37.07	(2,240)
Effect on 2010/2011 - Refer to note 38	(1,120)
	<b>36,223,113</b>
<b>37.07 ACCUMULATED SURPLUS</b>	
Correction of debt impairment charges incorrectly recognised inclusive of VAT - Refer to note 37.02	608,373
Correction of discrepancies identified on accumulated depreciation on 30 June 2011 (Infrastructure) - Refer to note 37.03	(717,594)
Correction of retention balances originating from periods commencing before 30 June 2010 - Refer to note 37.04	279,644
Correction of rental receipts incorrectly allocated to a payables account instead of income - Refer to note 37.04	37,241
Unmetered Water Usage incorrectly not accounted for on 30 June 2010 - Refer to note 37.05	285,339
Unmetered Electricity Usage incorrectly not accounted for on 30 June 2010 - Refer to note 37.05	1,391,052
First time recognition of properties previously not recognised - Refer to note 37.06	406,000
First time recognition of depreciation on properties previously not recognised - Refer to note 37.06	(2,240)
	<b>2,287,815</b>
<b>38 CHANGES IN STATEMENT OF FINANCIAL PERFORMANCE IN TERMS OF GRAP 3</b>	
<b>Balance previously reported</b>	<b>(3,303,670)</b>
Lease contracts incorrectly not included in lease smoothing calculations - Refer to note 37.01	14,550
Correction of debt impairment charges incorrectly recognised inclusive of VAT - Refer to note 37.02	(149,556)
Correction of discrepancies identified on accumulated depreciation on 30 June 2011 (Infrastructure) - Refer to note 37.03	(739,157)
Correction of rental receipts incorrectly allocated to a payables account instead of income - Refer to note 37.04	22,314
Unmetered Water Usage incorrectly not accounted for during 2010/2011 - Refer to note 37.05	10,801
Unmetered Electricity Usage incorrectly not accounted for during 2010/2011 - Refer to note 37.05	169,667
First time recognition of depreciation on properties previously not recognised - Refer to note	(1,120)
Correction of incorrect allocation between Service Charges (Water) and Other Income	-
Effect on Service Charges (Water)	83,757
Effect on Other Income	(83,757)
<b>Total</b>	<b>(3,976,171)</b>

**CAPE AGULHAS LOCAL MUNICIPALITY**  
**NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012**

	2012 R	2011 R
<b>39 RECONCILIATION BETWEEN NET SURPLUS/(DEFICIT) FOR THE YEAR AND CASH GENERATED/(ABSORBED) BY OPERATIONS</b>		
Surplus/(Deficit) for the year	7,207,188	(3,976,171)
<b>Adjustments for:</b>		
Depreciation and amortisation	6,011,814	5,717,000
Impairments	1,308	26,108
(Gain)/Loss on disposal of property, plant and equipment	1,190,737	415,051
Contribution from/to employee benefits - non-current	3,510,126	2,833,156
Contribution from/to employee benefits - non-current - expenditure incurred	(791,770)	(724,556)
Contribution from/to employee benefits - non-current - actuarial losses	(64,811)	2,616,864
Contribution to employee benefits – current	1,131,527	1,207,219
Contribution to employee benefits – current - expenditure incurred	(1,088,839)	(618,118)
Contribution to provisions – non-current	143,220	172,919
Contribution to provisions – bad debt	1,003,858	-
Reversal of provisions – bad debt	-	(573,732)
Bad debts written off	(246,664)	(375,354)
Operating lease income accrued	(28,329)	(3,556)
Grants Received	68,919,403	31,792,619
Grant Expenditure and Transfers	(66,587,632)	(42,735,239)
Interest Received (Directly attributable to grants)	40,476	-
Operating Surplus/(Deficit) before changes in working capital	20,351,613	(4,225,790)
Changes in working capital	(4,835,427)	(2,637,238)
Decrease in Payables from exchange transactions	(416,253)	(670,702)
Decrease in Unspent Conditional Public Contributions and Receipts	-	(5,000)
Increase/(Decrease) in Taxes	538,054	(387,047)
(Increase)/Decrease in Inventory	(122,363)	347,374
Increase in Receivables from exchange and non-exchange transactions	(4,834,865)	(1,921,864)
<b>Cash generated/(absorbed) by operations</b>	<b>15,516,186</b>	<b>(6,863,029)</b>
<b>40 CASH AND CASH EQUIVALENTS</b>		
Cash and cash equivalents included in the cash flow statement comprise the following:		
Cash Floats - Note 22	12,700	12,700
Bank - Note 22	26,572,061	33,370,275
<b>Total cash and cash equivalents</b>	<b>26,584,761</b>	<b>33,382,975</b>
<b>41 RECONCILIATION OF AVAILABLE CASH AND INVESTMENT RESOURCES</b>		
Cash and Cash Equivalents - Note 40	26,584,761	33,382,975
Cash held in Attorneys' Trust Account - Note 20	831,297	-
	27,416,057	33,382,975
Less:	4,926,360	1,768,346
Unspent Committed Conditional Grants - Note 10	4,527,986	1,768,346
VAT - Note 12	398,374	-
<b>Net cash resources available for internal distribution</b>	<b>22,489,697</b>	<b>31,614,629</b>
<b>Allocated to:</b>		
Capital Replacement Reserve	20,500,000	30,000,000
Valuation Roll Reserve	1,500,000	1,000,000
<b>Resources available for working capital requirements</b>	<b>489,697</b>	<b>614,629</b>
<b>42 UTILISATION OF LONG-TERM LIABILITIES RECONCILIATION</b>		
Long-term Liabilities - Note 3	1,412,269	1,316,576
Used to finance property, plant and equipment - at cost	(1,412,269)	(1,316,576)
	-	-
Cash set aside for the repayment of long-term liabilities	-	-
<b>Cash invested for repayment of long-term liabilities</b>	<b>-</b>	<b>-</b>

**CAPE AGULHAS LOCAL MUNICIPALITY**  
**NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012**

**43 BUDGET COMPARISONS**

	2012 R (Actual)	2012 R (Budget)	2012 R (Variance)	2012 (%)
<b>43.1 Operational</b>				
<b>Revenue by source</b>				
Property Rates	32,427,167	32,432,849	(5,682)	(0%)
Government Grants and Subsidies - Capital	8,592,112	7,709,148	882,964	11%
Government Grants and Subsidies - Operating	57,995,520	57,396,514	599,006	1%
Actuarial Gains	83,897	-	83,897	100%
Fines	750,944	1,018,000	(267,056)	(26%)
Service Charges	87,023,471	86,014,055	1,009,416	1%
Rental of Facilities and Equipment	4,755,910	5,327,000	(571,090)	(11%)
Interest Earned - external investments	2,224,184	2,300,000	(75,816)	(3%)
Interest Earned - outstanding debtors	514,177	650,000	(135,823)	(21%)
Licences and Permits	1,012,345	1,091,000	(78,655)	(7%)
Agency Services	1,079,210	1,201,000	(121,790)	(10%)
Other Income	2,124,419	1,912,796	211,623	11%
Gains on Disposal of PPE	-	-	-	0%
	<b>198,583,358</b>	<b>197,052,362</b>	<b>1,530,996</b>	<b>1%</b>
<b>Expenditure by nature</b>				
Employee Related Costs	61,987,554	64,194,606	(2,207,052)	(3%)
Remuneration of Councillors	2,919,384	3,023,836	(104,452)	(3%)
Debt Impairment	1,003,858	1,000,000	3,858	0%
Depreciation and Amortisation	6,011,814	8,666,387	(2,654,573)	(31%)
Impairments	1,308	-	1,308	100%
Repairs and Maintenance	7,532,932	8,209,145	(676,213)	(8%)
Actuarial losses	19,086	-	19,086	100%
Finance Charges	350,594	325,474	25,120	8%
Bulk Purchases	44,663,562	42,503,598	2,159,964	5%
Contracted services	987,889	1,018,000	(30,111)	(3%)
Operating Grant Expenditure	38,848,429	38,621,226	227,203	1%
General Expenses	25,859,023	30,296,340	(4,437,317)	(15%)
Loss on Disposal of PPE	1,190,737	-	1,190,737	100%
	<b>191,376,171</b>	<b>197,858,612</b>	<b>(6,482,441)</b>	<b>(3%)</b>
<b>Net Surplus for the year</b>	<b>7,207,188</b>	<b>(806,250)</b>	<b>8,013,438</b>	

**Details of material variances**

Please see Appendix E(1)

	2012 R (Actual)	2012 R (Budget)	2012 R (Variance)	2012 (%)
<b>43.2 Expenditure by Vote</b>				
Executive and Council	48,662,293	51,473,310	(2,811,017)	(5%)
Budget and Treasury Office	18,744,202	18,358,295	385,907	2%
Corporate Services	13,912,477	14,470,037	(557,560)	(4%)
Community and Social Services	10,690,566	11,157,024	(466,458)	(4%)
Sport and Recreation	5,959,212	6,581,693	(622,481)	(9%)
Public Safety	5,007,821	5,599,795	(591,974)	(11%)
Road Transport	11,789,465	12,057,687	(268,222)	(2%)
Electricity	51,413,449	50,680,837	732,612	1%
Water	9,863,834	11,369,292	(1,505,458)	(13%)
Waste Water Management	5,714,291	5,597,771	116,520	2%
Waste Management	7,350,899	8,004,560	(653,661)	(8%)
Environmental Protection	331,661	361,377	(29,716)	(8%)
Other	1,936,002	2,146,934	(210,932)	(10%)
	<b>191,376,171</b>	<b>197,858,612</b>	<b>(6,482,441)</b>	

Reconciliation of approved budget

Total operating expenditure approved by council on 28 February 2012  
Indigent subsidies recognised as revenue foregone in terms of GRAP

203,658,612  
5,800,000  
**197,858,612**

**Details of material variances**

Please see Appendix E(1)



**CAPE AGULHAS LOCAL MUNICIPALITY**  
**NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012**

	2012 R (Actual)	2012 R (Budget)	2012 R (Variance)	2012 (%)
<b>43.3 Capital expenditure by vote</b>				
Executive and Council	525,444	132,200	393,244	297%
Budget and Treasury Office	941,584	595,000	346,584	58%
Corporate Services	459,471	294,145	165,326	56%
Community and Social Services	1,411,349	1,150,000	261,349	23%
Sport and Recreation	1,149,143	1,253,000	(103,857)	(8%)
Public Safety	564,406	915,000	(350,594)	(38%)
Road Transport	4,161,037	4,315,000	(153,963)	(4%)
Electricity	2,684,365	2,780,000	(95,635)	(3%)
Water	2,006,527	1,995,000	11,527	1%
Waste Water Management	8,191,056	8,729,148	(538,092)	(6%)
Waste Management	9,014,421	1,060,000	7,954,421	750%
Other	14,807	15,000	(193)	(1%)
	<b>31,123,611</b>	<b>23,233,493</b>	<b>7,890,118</b>	<b>34%</b>

**Details of material variances**

Please see Appendix E(2)

**44 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED**

<b>44.1 Unauthorised expenditure</b>	<b>2012 R</b>	<b>2011 R</b>
Reconciliation of unauthorised expenditure:		
Opening balance	4,922,780	29,438,140
Unauthorised expenditure current year - capital	9,132,452	740,725
Unauthorised expenditure current year - operating	1,235,038	4,182,055
Approved by Council or condoned	(4,922,780)	(29,438,140)
Unauthorised expenditure awaiting authorisation	<b>10,367,490</b>	<b>4,922,780</b>

Incident	Disciplinary steps/criminal proceedings
Over expenditure of approved budget on votes 2011/12	None

**44.2 Fruitless and wasteful expenditure**

None

**44.3 Irregular expenditure**

Reconciliation of irregular expenditure:		
Opening balance	1,505,562	1,248,322
Irregular expenditure current year	2,037,225	1,505,562
Condoned or written off by Council	(1,505,562)	(1,248,322)
Irregular expenditure awaiting condonement	<b>2,037,225</b>	<b>1,505,562</b>

Incident	Disciplinary steps/criminal proceedings
Non-compliance with supply chain policy	
- Bonearsingel	None
- St Joseph Street Project	None
Unsupported deviations	None
	2,037,225
	<b>2,037,225</b>
	<b>1,505,562</b>

**44.4 Material Losses**

<b>Electricity distribution losses</b>		
- Units purchased (Kwh)	71,350,734	70,102,390
- Units lost during distribution (Kwh)	6,448,709	10,292,785
- Percentage lost during distribution	9.04%	14.68%
- Rand Value of Loss	2,772,945	3,499,547
<b>Water distribution losses</b>		
- Kilo litres purified	2,208,846	2,081,757
- Kilo litres lost during distribution	373,115	304,211
- Percentage lost during distribution	16.89%	14.61%
- Rand Value of Loss	392,072	281,232

**CAPE AGULHAS LOCAL MUNICIPALITY**  
**NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012**

**45 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT**

	2012 R	2011 R
<b>45.1 Contributions to organised local government - [MFMA 125 (1)(b)] - SALGA CONTRIBUTIONS</b>		
Council subscriptions	446,236	279,400
Amount paid - current year	(446,236)	(279,400)
<b>Balance unpaid (included in creditors)</b>	<b>-</b>	<b>-</b>
<b>45.2 Audit fees - [MFMA 125 (1)(c)]</b>		
Opening balance	-	-
Current year audit fee	1,662,434	1,598,320
External Audit - Auditor-General	1,603,938	1,531,127
Audit Committee	58,496	67,193
Amount paid - current year	(1,662,434)	(1,598,320)
<b>Balance unpaid</b>	<b>-</b>	<b>-</b>
<b>45.3 VAT - [MFMA 125 (1)(c)]</b>		
VAT	<b>(398,374)</b>	<b>139,679</b>
VAT is payable on the receipt basis. Only once payment is received from the debtors is VAT paid over to SARS. All VAT returns have been submitted by the due date throughout the year.		
<b>45.4 PAYE, SDL and UIF - [MFMA 125 (1)(c)]</b>		
Current year payroll deductions and Council Contributions	7,870,010	7,057,137
Amount paid - current year	(7,870,010)	(7,057,137)
<b>Balance unpaid</b>	<b>-</b>	<b>-</b>
<b>45.5 Pension and Medical Aid Deductions - [MFMA 125 (1)(c)]</b>		
Current year payroll deductions and Council Contributions	13,494,239	12,367,949
Amount paid - current year	(13,494,239)	(12,367,949)
<b>Balance unpaid</b>	<b>-</b>	<b>-</b>
<b>45.6 Councillor's arrear consumer accounts - [MFMA 124 (1)(b)]</b>		
The following Councillors had arrear accounts for more than 90 days as at 30 JUNE 2012:		
	2012 R	2011 R
	Outstanding more than 90 days	Outstanding more than 90 days
None	-	-
<b>45.7 Quotations awarded - Supply Chain Management</b>		
Non-compliance with the Supply Chain Management Regulations were identified on the following categories:		
Non Compliance per financial category		
- Less than R 30 000	1,418,163	154,778
- Between R 30 000 and R 200 000	2,795,772	3,878,770
- More than R 200 000	864,316	3,642,001
	<b>5,078,251</b>	<b>7,675,550</b>
<b>40.8 Other non-compliance [MFMA 125(2)(e)]</b>		

Section 32 (4) (a) of the MFMA states that the accounting officer must promptly inform the mayor, the MEC of local government in the province and the Auditor General in writing of any unauthorised, irregular or fruitless and wasteful expenditure incurred by the municipality. The municipality did not inform the relevant parties as required by the section.

The internal audit unit did not audit the performance measurements and submit quarterly reports on their audits for the first three quarters of the 2011-12 financial year to the municipal manager and the performance audit committee, as required by the Municipal Planning and Performance Management Regulations, 2001, regulation 14(1)(c).

The accounting officer did not make public the council's oversight report on the 2011-12 annual report within seven days of its adoption, as required by section 129(3) of the MFMA.

The municipality did not submit a report on compliance with prescribed competency levels to the National Treasury and relevant provincial treasury as required by the Regulations on Minimum Competency Levels regulation 14(2)(a).

The draft annual report of the municipality did not reflect information on compliance with prescribed minimum competencies as required by the Regulations on Minimum Competency Levels regulation 14(2)(b).

The performance agreements of the municipal manager and senior managers who did not have the minimum competencies, did not include the attainment of minimum competencies as a performance target, as required by Municipal Regulations on Minimum Competency Levels regulation 16(2).

**CAPE AGULHAS LOCAL MUNICIPALITY**  
**NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012**

**46 CAPITAL COMMITMENTS**

**Commitments in respect of capital expenditure:**

Approved and not contracted for:

Bulk Water Line Between Struisbaai and L'Agulhas  
 Kleinbegin Storm Water  
 WWTW Struisbaai & Sewerage Scheme  
 1 ML Reservoir (Napier)  
 1 ML Reservoir (Struisbaai)

**Total**

	2012 R	2011 R
	13,326,316	8,479,000
	2,707,349	-
	536,988	-
	4,875,439	7,479,000
	1,825,049	500,000
	3,381,491	500,000
	<b>13,326,316</b>	<b>8,479,000</b>
	13,326,316	8,479,000
	<b>13,326,316</b>	<b>8,479,000</b>

This expenditure will be financed from:

Government Grants

**47 FINANCIAL RISK MANAGEMENT**

The activities of the municipality expose it to a variety of financial risks, including market risk (comprising fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The municipality's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the municipality's financial performance.

**(a) Foreign Exchange Currency Risk**

The municipality does not engage in foreign currency transactions.

**(b) Price risk**

The municipality is not exposed to price risk.

**(c) Interest Rate Risk**

As the municipality has significant interest-bearing liabilities, the entity's income and operating cash flows are substantially dependent on changes in market interest rates.

The municipality analyses its potential exposure to interest rate changes on a continuous basis. Different scenarios are simulated which include refinancing, renewal of current positions, alternative financing and hedging. Based on these scenarios, the entity calculates the impact that a change in interest rates will have on the surplus/deficit for the year. These scenarios are only simulated for liabilities which constitute the majority of interest bearing liabilities.

The municipality did not hedge against any interest rate risks during the current year.

The potential impact on the entity's surplus/deficit for the year due to changes in interest rates were as follow:

	2012 R	2011 R
0.5% (2011 - 0.5%) Increase in interest rates	70,554	145,946
0.5% (2011 - 0.5%) Decrease in interest rates	(70,554)	(145,946)

**(d) Credit Risk**

Credit risk is the risk that a counter party to a financial or non-financial asset will fail to discharge an obligation and cause the municipality to incur a financial loss.

Credit risk consist mainly of cash deposits, cash equivalents, receivables and unpaid conditional grants and subsidies.

Receivables are disclosed net after provisions are made for impairment and bad debts. Receivables comprise of a large number of users, dispersed across different sectors and geographical areas. Ongoing credit evaluations are performed on the financial condition of these receivables. Credit risk pertaining to receivables are considered to be moderate due the diversified nature of receivables and immaterial nature of individual balances. In the case of consumer debtors the municipality effectively has the right to terminate services to customers but in practice this is difficult to apply. In the case of debtors whose accounts become in arrears, Council endeavours to collect such accounts by "levying of penalty charges", "demand for payment", "restriction of services" and, as a last resort, "handed over for collection", whichever procedure is applicable in terms of Council's Credit Control and Debt Collection Policy.

All rates and services are payable within 30 days from invoice date. Refer to note 19 and 20 for all balances outstanding longer than 30 days. These balances represent all debtors at year end which defaulted on their credit terms. Also refer to note 19 for balances included in receivables that were re-negotiated for the period under review.

No receivables are pledged as security for financial liabilities.

Due to the short term nature of receivables the carrying value disclosed in note 19 and 20 of the financial statements is an approximation of its fair value. Interest on overdue balances are included at prime lending rate plus 1% where applicable.

**CAPE AGULHAS LOCAL MUNICIPALITY**  
**NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012**

The provision for bad debts could be allocated between the different classes of debtors as follows:

	2012 %	2012 R	2011 %	2011 R
Rates	18.34%	1,136,945	19.87%	1,080,472
Other	81.66%	5,061,200	80.13%	4,356,258
	<u>100.00%</u>	<u>6,198,144</u>	<u>100.00%</u>	<u>5,436,730</u>

The entity only deposits cash with major banks with high quality credit standing. These banks are all listed on the JSE. The credit quality of these institutions are evaluated based on their required SENS releases as well as other media reports. Based on all public communications, the financial sustainability is evaluated to be of high quality and the credit risk pertaining to these institutions are considered to be low.

No cash and cash equivalents were pledged as security for financial liabilities and no restrictions were placed on the use of any cash and cash equivalents for the period under review. Although the credit risk pertaining to cash and cash equivalents are considered to be low, the maximum exposure are disclosed below.

The risk pertaining to unpaid conditional grants and subsidies are considered to be very low. Amounts are receivable from national and provincial government and there are no expectation of counter party default.

Long-term Receivables and Other Debtors are individually evaluated annually at Balance Sheet date for impairment.

Financial assets exposed to credit risk at year end are as follows:

	2012 R	2011 R
Long term receivables	386,244	419,116
Receivables from exchange transactions	12,655,354	10,018,739
Receivables from non-exchange transactions	841,358	5,764
Cash and Cash Equivalents	26,584,761	33,382,975
Unpaid conditional grants and subsidies	3,723,773	3,336,380
	<u>44,191,490</u>	<u>47,162,974</u>

**(e) Liquidity Risk**

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying business, the treasury maintains flexibility in funding by maintaining availability under credit lines.

The entity's risk to liquidity is a result of the funds available to cover future commitments. The entity manages liquidity risk through an ongoing review of future commitments and credit facilities.

The table below analyses the entity's financial liabilities into relevant maturity groupings based on the remaining period at the financial year end to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

2012	Less than 1 year	Between 1 and 5 years	Between 5 and 10 years	Over 10 Years
Long Term liabilities - Annuity Loans	238,724	954,478	-	-
Capital repayments	120,178	698,615	-	-
Interest	118,546	255,863	-	-
Long Term liabilities - Finance Leases	303,541	352,780	-	-
Capital repayments	261,487	331,989	-	-
Interest	42,054	20,791	-	-
Provisions - Landfill Sites	297,066	-	-	140,485,273
Capital repayments	297,066	-	-	10,751,870
Interest	-	-	-	129,733,403
Payables from exchange transactions	5,722,597	-	-	-
Unspent conditional government grants and receipts	4,527,986	-	-	-
	<u>11,089,913</u>	<u>1,307,258</u>	<u>-</u>	<u>140,485,273</u>

**CAPE AGULHAS LOCAL MUNICIPALITY**  
**NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012**

**2011**

Long Term liabilities - Annuity Loans	327,250	954,829	238,138	-
Capital repayments	182,029	604,912	213,751	-
Interest	145,222	349,917	24,387	-
Long Term liabilities - Finance Leases	311,920	23,366	-	-
Capital repayments	292,908	22,977	-	-
Interest	19,012	388	-	-
Provisions - Landfill Sites	282,920	-	-	28,399,892
Capital repayments	282,920	-	-	2,581,485
Interest	-	-	-	25,818,407
Payables from exchange transactions	6,263,496	-	-	-
Unspent conditional government grants and receipts	1,768,346	-	-	-
	<b>8,953,932</b>	<b>978,195</b>	<b>238,138</b>	<b>28,399,892</b>

**48 FINANCIAL INSTRUMENTS**

**2012  
R**

**2011  
R**

In accordance with GRAP 104 the financial instruments of the municipality are classified as follows:

**48.1 Financial Assets**

**Classification**

**Long-term Receivables**

Loans to organisations - at amortised cost	At amortised cost	17,232	23,170
Individual housing loans	At amortised cost	363,074	390,293

**Consumer and other Debtors**

Receivables from exchange transactions	At amortised cost	12,655,354	10,018,739
Receivables from non-exchange transactions	At amortised cost	841,358	5,764

**Other Debtors**

Unpaid government grants	At amortised cost	3,723,773	3,336,380
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**Current Portion of Long-term Receivables**

Loans to organisations - at amortised cost	At amortised cost	5,938	5,652
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**Bank Balances and Cash**

Bank Balances	At amortised cost	26,572,061	33,370,275
Cash Floats and Advances	At amortised cost	12,700	12,700

**SUMMARY OF FINANCIAL ASSETS**

At amortised cost	<b>44,191,490</b>	<b>47,162,974</b>
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**48.2 Financial Liability**

**Classification**

**Non-Current Liabilities**

Annuity Loans	At amortised cost	698,615	818,663
Capitalised Lease Liability	At amortised cost	331,989	22,977
Non-Current Provisions - Landfill Sites	At amortised cost	10,751,870	2,581,485

**Current Provisions**

Current Provisions - Landfill Sites	At amortised cost	297,066	282,920
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**Payables from exchange transactions**

Trade creditors	At amortised cost	3,476,767	4,231,367
Retentions	At amortised cost	997,283	1,306,804
Other Creditors	At amortised cost	440,516	66,549
Deposits	At amortised cost	808,031	658,776

**Unspent Conditional Grants, Receipts and other contributions**

Other Spheres of Government	At amortised cost	4,527,986	1,768,346
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**Current Portion of Long-term Liabilities**

Annuity Loans	At amortised cost	120,178	182,029
Capitalised Lease Liability	At amortised cost	261,487	292,908

**SUMMARY OF FINANCIAL LIABILITY**

At amortised cost	<b>22,711,788</b>	<b>12,212,823</b>
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**CAPE AGULHAS LOCAL MUNICIPALITY**  
**NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012**

**49 EVENTS AFTER THE REPORTING DATE**

No events occurred after reporting date that would have an impact on the financial year ended 30 June 2012.

**50 IN-KIND DONATIONS AND ASSISTANCE**

The municipality did not receive any in-kind donations or assistance during the year under review.

**51 PRIVATE PUBLIC PARTNERSHIPS**

Council has not entered into any private public partnerships during the financial year.

**52 CONTINGENT LIABILITY**

Council do have the following contingent liabilities at the end of the financial year 2011/12

- 52.01** The Council and DA Civils CC is still in the mediation-/arbitration process flowing from a claim of R3 210 179 (Vat Excl.) that was lodged by the Contractor against the Council due to solid rock digging in accordance with contract DCR 0041. The Contractor also claim interest from September 2004. The total approved amount was R1 064 239 (Vat excl.) from which R825 652 already paid to the Contractor.

Council opposes the claim and due to potential legal cost implication, the mediation-/arbitration process is followed in an attempt to settle the claim outside the court. The matter is currently in mediation.

- 52.02** The Council is currently party to a court case, case 2226/11 in which Verrewyde Eiensdom BPK instituted a claim of R33 119 510 regarding erf 599 Waenhuiskrans against the Council. Council filed a plea to the original claim. The matter is sub judice and the amount is regarded as a contingent liability until judgement is passed.

- 52.03** A guarantee was issued by Council to the Department of Mineral and Energy for rehabilitation of ground works with the construction of the Sanddrift Dam. This guarantee has not been raised by the said department.

- 52.04** A claim was lodged against the council by Spronk and Associates Incorporated for town planning performed on behalf of the municipality. The council opposes the appointment of the consultant due to inappropriate procedures followed during the procurement process. The amount of the claim is R 1 061 099.29

- 52.05** The Trade Union, IMATU, contested the implementation of a wage curve agreement in the Labour Court and the court ruled in favour of IMATU. The Employers Organisation, SALGA, resolved to take the ruling of the Labour Court on review. The effect of the ruling is a general 2% increase in remuneration as from October 2009.

- 52.06** The council is summoned by Mr L P Fourie regarding unlawful arrest, unlawful detention and malicious deprivation of freedom to the amount of R50 000, case 885/2011. Council filed a plea to plaintiff's claim.

- 52.07** Guarantees in favour of the following third parties
- Building of dam (Nedbank) - R 7 000
  - The Post Office - R 50 000

**53 RELATED PARTIES**

Key Management and Councillors receive and pay for services on the same terms and conditions as other ratepayers / residents.

**53.1 Related Party Transactions**

The rates, service charges and other charges are in accordance with approved tariffs that were advertised to the public. No bad debt expenses have been recognised in respect of amounts owed by related parties.

**53.2 Related Party Loans**

Since 1 July 2004 loans to councillors and senior management employees are not permitted.

**53.3 Compensation of key management personnel**

The compensation of key management personnel is set out in note 28 to the Annual Financial Statements.

**CAPE AGULHAS LOCAL MUNICIPALITY**  
**NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012**

**53.4 Other related party transactions**

		2012	2011
		R	R
The following purchases were made during the year where Councillors or Management have an interest:			
<u>Councillor/Employee</u>	<u>Entity</u>		
B Salo	R Salo (Spouse of B Salo)	1,200	-
C Marthinus	T Marthinus T/A Ikhula Enterprises (Spouse of C Marthinus)	13,235	36,790
F Pieterse	F Pieterse (Spouse of F Pieterse)	15,500	-
H Damons	Propatria Civil Enterprises (Brother of L Jacobs)	437,986	-
H Damons	S Kroukamp (Parent of H Damons)	40,290	36,000
H de Jager	A Carelse (Spouse of H de Jager)	-	93,160
H de Jager	EE De Jager (Brother of H De Jager)	17,860	57,167
H de Jager	Easy Mix (Spouse of H de Jager)	472,916	-
H Spandiel	Cape Agulhas Communications (Parent of H Spandiel)	2,950	79,295
J Diedericks	AD Diedericks (Brother of J Diedericks)	41,521	-
L Fortuin	J Fortuin (Brother of L Fortuin)	1,403	-
M Pietersen	D Lourens (Parent of M Pietersen)	29,000	-
M Smal	Microzone Trading 529 CC (Spouse of M Smal)	832,597	460,098
M Smal	EG Lakey T/A Lakey Bouers	75,860	36,480
J Teixeira & L Teixeira	M.A.T Overberg Retailers (Spouses of J Teixeira & L Teixeira)	5,012	-
R Mitchell	L&M Construction (Brother of R Mitchell)	39,250	161,860
S Daniels	Lou-Da Civils (Parent of S Daniel)	-	64,334
		<u>2,026,579</u>	<u>1,025,183</u>

The following short term rental agreements for tuck shops in the holiday resorts were entered into with the following related parties:

R Mitchell	LC Mitchell (Brother of R Mitchell)	R140 p/day	R140 p/day
D Jantjies	Heinrich & Deidre Jantjies (Children of Councillor Jantjies)	-	R2000 p/year
D Jantjies	Heinrich & Deidre Jantjies (Children of Councillor Jantjies)	R500 p/year	R500 p/year

**CAPE AGULHAS MUNICIPALITY**  
**NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012**

**13 PROPERTY, PLANT AND EQUIPMENT**

**30 JUNE 2012**

**Reconciliation of Carrying Value**

	Cost				Accumulated Depreciation and Impairment Losses				Carrying Value
	Opening Balance	Additions	Disposals	Closing Balance	Opening Balance	Additions	Disposals	Closing Balance	
	R	R	R	R	R	R	R	R	R
<b>Land and Buildings</b>	<b>72,282,917</b>	<b>1,220,139</b>	-	<b>73,503,055</b>	<b>10,035,195</b>	<b>196,256</b>	-	<b>10,231,451</b>	<b>63,271,605</b>
Land	49,769,200	-	-	49,769,200	-	-	-	-	49,769,200
Buildings	22,513,717	1,220,139	-	23,733,855	10,035,195	196,256	-	10,231,451	13,502,405
<b>Infrastructure</b>	<b>143,343,048</b>	<b>15,862,219</b>	-	<b>159,205,267</b>	<b>30,197,149</b>	<b>3,697,995</b>	-	<b>33,895,143</b>	<b>125,310,123</b>
Roads and Storm water	48,729,733	3,766,488	-	52,496,221	5,573,875	1,278,917	-	6,852,792	45,643,430
Electricity Network	32,596,100	2,618,172	-	35,214,272	7,767,193	772,359	-	8,539,552	26,674,720
Sewerage Network	25,281,495	8,092,975	-	33,374,470	3,795,776	802,881	-	4,598,657	28,775,813
Water Network	34,704,044	1,362,144	-	36,066,188	11,988,832	767,095	-	12,755,926	23,310,262
Refuse Removal	2,031,676	22,440	-	2,054,116	1,071,473	76,743	-	1,148,216	905,899
<b>Community Assets</b>	<b>7,401,045</b>	<b>43,684</b>	-	<b>7,444,729</b>	<b>566,183</b>	<b>218,298</b>	-	<b>784,481</b>	<b>6,660,248</b>
Recreation Grounds	2,556,388	-	-	2,556,388	313,716	122,841	-	436,557	2,119,831
Community Halls	2,923,954	13,684	-	2,937,638	87,679	32,093	-	119,772	2,817,866
Libraries	1,038,044	-	-	1,038,044	30,306	34,557	-	64,863	973,181
Parks & Gardens	365,119	-	-	365,119	66,606	12,198	-	78,805	286,315
Clinics	97,995	-	-	97,995	7,845	983	-	8,828	89,167
Sports facilities	419,545	-	-	419,545	60,030	15,442	-	75,472	344,073
Cemeteries	-	30,000	-	30,000	-	185	-	185	29,815
<b>Lease Assets</b>	<b>3,623,043</b>	<b>731,147</b>	<b>2,130,925</b>	<b>2,223,264</b>	<b>1,829,181</b>	<b>241,938</b>	<b>766,956</b>	<b>1,304,163</b>	<b>919,101</b>
Leased Assets - Vehicles	2,648,712	-	2,130,925	517,787	923,364	76,825	766,956	233,233	284,554
Leased Assets - Office Machines	974,331	731,147	-	1,705,478	905,817	165,113	-	1,070,930	634,548
<b>Other Assets</b>	<b>27,928,138</b>	<b>4,755,690</b>	<b>402,869</b>	<b>32,280,959</b>	<b>5,833,526</b>	<b>1,595,012</b>	<b>258,194</b>	<b>7,170,344</b>	<b>25,110,615</b>
Vehicles	7,982,628	1,896,055	-	9,878,684	1,500,549	479,980	-	1,980,530	7,898,154
Tools & Equipment	3,072,105	894,488	4,053	3,962,540	919,315	224,792	2,122	1,141,985	2,820,556
Furniture	1,013,623	218,421	-	1,232,044	133,454	47,190	-	180,644	1,051,400
Special Vehicles	2,980,698	-	-	2,980,698	507,763	56,719	-	564,483	2,416,216
Tables	900,926	21,610	709	921,827	133,207	31,042	307	163,942	757,886
Chairs	509,165	47,310	4,714	551,761	137,953	35,214	1,837	171,329	380,432
Office Equipment	1,676,016	230,748	77,996	1,828,768	472,022	153,856	56,247	569,630	1,259,138
Computer Hardware	1,818,609	1,085,634	301,736	2,602,506	718,683	248,067	188,841	777,909	1,824,597
Civic Land and Buildings	4,042,098	-	-	4,042,098	246,680	70,202	-	316,882	3,725,216
Other	3,932,269	313,015	13,661	4,231,623	1,063,901	245,934	8,840	1,300,995	2,930,628
Furniture and Office Equipment - CAMLEDA	-	48,410	-	48,410	-	2,016	-	2,016	46,394
	<b>254,578,191</b>	<b>22,612,879</b>	<b>2,533,795</b>	<b>274,657,275</b>	<b>48,461,234</b>	<b>5,949,498</b>	<b>1,025,151</b>	<b>53,385,582</b>	<b>221,271,693</b>



**CAPE AGULHAS MUNICIPALITY**  
**NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012**

**30 JUNE 2011**

**Reconciliation of Carrying Value**

	Opening Balance R	Cost Additions R	Disposals R	Closing Balance R	Opening Balance R	Accumulated Depreciation and Impairment Losses Additions R	Disposals R	Closing Balance R	Carrying Value R
<b>Land and Buildings</b>	<b>72,282,917</b>	<b>-</b>	<b>-</b>	<b>72,282,917</b>	<b>9,849,958</b>	<b>185,237</b>	<b>-</b>	<b>10,035,195</b>	<b>62,247,722</b>
Land	49,769,200	-	-	49,769,200	-	-	-	-	49,769,200
Buildings	22,513,717	-	-	22,513,717	9,849,958	185,237	-	10,035,195	12,478,522
<b>Infrastructure</b>	<b>121,717,370</b>	<b>21,625,678</b>	<b>-</b>	<b>143,343,048</b>	<b>26,463,815</b>	<b>3,733,334</b>	<b>-</b>	<b>30,197,149</b>	<b>113,145,899</b>
Roads and Storm water	35,682,382	13,047,351	-	48,729,733	4,538,446	1,035,429	-	5,573,875	43,155,858
Electricity Network	29,614,926	2,981,175	-	32,596,100	6,622,286	1,144,907	-	7,767,193	24,828,907
Sewerage Network	22,882,911	2,398,583	-	25,281,495	3,077,518	718,258	-	3,795,776	21,485,718
Water Network	31,593,968	3,110,076	-	34,704,044	11,243,916	744,916	-	11,988,832	22,715,213
Refuse Removal	1,943,182	88,494	-	2,031,676	981,650	89,824	-	1,071,473	960,203
<b>Community Assets</b>	<b>6,543,790</b>	<b>857,255</b>	<b>-</b>	<b>7,401,045</b>	<b>396,834</b>	<b>169,349</b>	<b>-</b>	<b>566,183</b>	<b>6,834,862</b>
Recreation Grounds	1,992,037	564,351	-	2,556,388	225,751	87,965	-	313,716	2,242,672
Community Halls	2,898,625	25,329	-	2,923,954	56,701	30,978	-	87,679	2,836,275
Libraries	770,469	267,575	-	1,038,044	8,450	21,856	-	30,306	1,007,738
Parks & Gardens	365,119	-	-	365,119	54,436	12,171	-	66,606	298,513
Clinics	97,995	-	-	97,995	6,865	980	-	7,845	90,150
Sports facilities	419,545	-	-	419,545	44,631	15,400	-	60,030	359,515
<b>Lease Assets</b>	<b>3,643,853</b>	<b>-</b>	<b>(20,810)</b>	<b>3,623,043</b>	<b>1,549,060</b>	<b>300,931</b>	<b>(20,810)</b>	<b>1,829,181</b>	<b>1,793,862</b>
Leased Assets - Vehicles	2,648,712	-	-	2,648,712	732,277	191,087	-	923,364	1,725,348
Leased Assets - Office Machines	995,141	-	(20,810)	974,331	816,784	109,843	(20,810)	905,817	68,514
<b>Other Assets</b>	<b>24,521,234</b>	<b>4,374,620</b>	<b>(967,716)</b>	<b>27,928,138</b>	<b>4,931,608</b>	<b>1,282,305</b>	<b>(380,387)</b>	<b>5,833,526</b>	<b>22,094,612</b>
Vehicles	5,832,221	2,475,777	(325,371)	7,982,628	1,277,440	350,045	(126,935)	1,500,549	6,482,079
Tools & Equipment	2,893,148	350,051	(171,094)	3,072,105	807,585	193,645	(81,915)	919,315	2,152,791
Furniture	828,331	203,114	(17,822)	1,013,623	102,370	33,803	(2,719)	133,454	880,169
Special Vehicles	3,114,308	-	(133,610)	2,980,698	487,195	58,641	(38,072)	507,763	2,472,935
Tables	857,388	89,524	(45,985)	900,926	111,496	30,112	(8,401)	133,207	767,720
Chairs	463,785	82,283	(36,903)	509,165	114,783	33,208	(10,038)	137,953	371,212
Office Equipment	1,250,900	461,858	(36,742)	1,676,016	356,878	123,694	(8,551)	472,022	1,203,995
Computer Hardware	1,686,216	315,181	(182,788)	1,818,609	635,745	177,390	(94,453)	718,683	1,099,926
Civic Land and Buildings	3,713,327	328,771	-	4,042,098	201,391	45,288	-	246,680	3,795,418
Other	3,881,610	68,062	(17,402)	3,932,269	836,724	236,479	(9,302)	1,063,901	2,868,368
	<b>228,709,164</b>	<b>26,857,552</b>	<b>(988,526)</b>	<b>254,578,191</b>	<b>43,191,275</b>	<b>5,671,156</b>	<b>(401,197)</b>	<b>48,461,234</b>	<b>206,116,956</b>
Balance Previously reported	228,709,164	26,857,552	(988,526)	254,578,191	42,473,682	4,931,999	(401,197)	47,004,484	207,573,707
Correction of error - Refer to note 37.03	-	-	-	-	717,594	739,157	-	1,456,751	(1,456,751)
	<b>228,709,164</b>	<b>26,857,552</b>	<b>(988,526)</b>	<b>254,578,191</b>	<b>43,191,275</b>	<b>5,671,156</b>	<b>(401,197)</b>	<b>48,461,234</b>	<b>206,116,956</b>

The following work in progress balances are included in PPE

	2012	2011
Roads and Storm water	2,634,443	1,593,632
Electricity Network	953,738	95,460
Sewerage Network	7,668,975	-
Water Network	71,910	-
	<b>11,329,066</b>	<b>1,689,092</b>

**APPENDIX A - Unaudited**  
**CAPE AGULHAS LOCAL MUNICIPALITY**  
**SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2012**

EXTERNAL LOANS	Rate	Loan Number	Redeemable	Balance at 30 JUNE 2011	Received during the period	Redeemed written off during the period	Balance at 30 JUNE 2012
<b>ANNUITY LOANS</b>							
DBSA	15.00%	B48	30/06/2017	922,349	-	103,556	818,793
DBSA	17.05%	B54	30/06/2012	78,342	-	78,342	-
<b>Total Annuity Loans</b>				<b>1,000,691</b>	<b>-</b>	<b>181,898</b>	<b>818,793</b>
<b>LEASE LIABILITY</b>							
Office Equipment				69,715	731,147	230,363	570,499
Vehicles				246,170	-	223,193	22,977
<b>Total Lease Liabilities</b>				<b>315,885</b>	<b>731,147</b>	<b>453,556</b>	<b>593,476</b>
<b>TOTAL EXTERNAL LOANS</b>				<b>1,316,576</b>	<b>731,147</b>	<b>635,454</b>	<b>1,412,269</b>

APPENDIX B - Unaudited  
CAPE AGULHAS LOCAL MUNICIPALITY  
ANALYSIS OF PROPERTY PLANT AND EQUIPMENT AS AT 30 JUNE 2012

	Cost/Revaluation								Accumulated Depreciation				Carrying Value
	Opening Balance	Residual Value Opening Balance	Additions	Residual Value Additions	Under Construction	Disposals	Residual Value Disposals	Closing Balance	Opening Balance	Additions	Disposals	Closing Balance	
Land and Buildings													
Land	49,769,200	-	-	-	-	-	-	49,769,200	-	-	-	-	49,769,200
Buildings	22,513,717	-	1,220,139	-	-	-	-	23,733,855	10,035,195	196,256	-	10,231,451	13,502,405
	72,282,917	-	1,220,139	-	-	-	-	73,503,055	10,035,195	196,256	-	10,231,451	63,271,605
Infrastructure													
Roads and Storm water	48,729,733	-	3,766,488	-	-	-	-	52,496,221	5,573,875	1,278,917	-	6,852,792	45,643,430
Electricity Network	32,596,100	-	2,618,172	-	-	-	-	35,214,272	7,767,193	772,359	-	8,539,552	26,674,720
Sewerage Network	25,281,495	-	8,092,975	-	-	-	-	33,374,470	3,795,776	802,881	-	4,598,657	28,775,813
Water Network	34,704,044	-	1,362,144	-	-	-	-	36,066,188	11,988,832	767,095	-	12,755,926	23,310,262
Refuse Removal	2,031,676	-	22,440	-	-	-	-	2,054,116	1,071,473	76,743	-	1,148,216	905,899
	143,343,048	-	15,862,219	-	-	-	-	159,205,267	30,197,149	3,697,995	-	33,895,144	125,310,123
Community Assets													
Recreation Grounds	2,556,388	-	-	-	-	-	-	2,556,388	313,716	122,841	-	436,557	2,119,831
Community Halls	2,923,954	-	13,684	-	-	-	-	2,937,638	87,679	32,093	-	119,772	2,817,866
Libraries	1,038,044	-	-	-	-	-	-	1,038,044	30,306	34,557	-	64,863	973,181
Parks & Gardens	365,119	-	-	-	-	-	-	365,119	66,606	12,198	-	78,805	286,315
Clinics	97,995	-	-	-	-	-	-	97,995	7,845	983	-	8,828	89,167
Sports facilities	419,545	-	-	-	-	-	-	419,545	60,030	15,442	-	75,472	344,073
Cemeteries	-	-	30,000	-	-	-	-	30,000	-	185	-	185	29,815
	7,401,045	-	43,684	-	-	-	-	7,444,729	566,183	218,298	-	784,481	6,660,248
Leased Assets													
Leased Assets - Vehicles	1,012,912	1,635,800	-	-	-	769,625	1,361,300	517,787	923,364	76,825	766,956	233,233	284,554
Leased Assets - Office Machines	974,331	-	731,147	-	-	-	-	1,705,478	905,817	165,113	-	1,070,930	634,548
	1,987,243	1,635,800	731,147	-	-	769,625	1,361,300	2,223,264	1,829,181	241,938	766,956	1,304,163	919,101
Other Assets													
Vehicles	5,673,343	2,309,285	1,896,055	-	-	-	-	9,878,684	1,500,549	479,980	-	1,980,530	7,898,154
Tools & Equipment	3,072,105	-	894,488	-	-	4,053	-	3,962,540	919,315	224,792	2,122	1,141,985	2,820,556
Furniture	1,013,623	-	218,421	-	-	-	-	1,232,044	133,454	47,190	-	180,644	1,051,400
Special Vehicles	1,257,078	1,723,620	-	-	-	-	-	2,980,698	507,763	56,719	-	564,483	2,416,216
Tables	900,926	-	21,610	-	-	709	-	921,827	133,207	31,042	307	163,942	757,886
Chairs	509,165	-	47,310	-	-	4,714	-	551,761	137,953	35,214	1,837	171,329	380,432
Office Equipment	1,676,016	-	230,748	-	-	77,996	-	1,828,768	472,022	153,856	56,247	569,630	1,259,138
Computer Hardware	1,818,609	-	1,085,634	-	-	301,736	-	2,602,506	718,683	248,067	188,841	777,909	1,824,597
Civic Land and Buildings	4,042,098	-	-	-	-	-	-	4,042,098	246,680	70,202	-	316,882	3,725,216
Other	3,932,269	-	313,015	-	-	13,661	-	4,231,623	1,063,901	245,934	8,840	1,300,995	2,930,628
Furniture and Office Equipment - CAMLEDA	-	-	48,410	-	-	-	-	48,410	-	2,016	-	2,016	46,394
	23,895,233	4,032,905	4,755,690	-	-	402,869	-	32,280,959	5,833,526	1,595,012	258,194	7,170,344	25,110,615
Investment Properties													
Investment Properties	36,276,800	-	426,000	-	-	49,000	-	36,653,800	53,687	2,734	-	56,422	36,597,378
	36,276,800	-	426,000	-	-	49,000	-	36,653,800	53,687	2,734	-	56,422	36,597,378
Total	285,186,286	5,668,705	23,038,879	-	-	1,221,495	1,361,300	311,311,075	48,514,922	5,952,232	1,025,151	53,442,003	257,869,071

**APPENDIX C - Unaudited**  
**CAPE AGULHAS LOCAL MUNICIPALITY**  
**SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTY AS AT 30 JUNE 2012**  
**GENERAL FINANCE STATISTICS CLASSIFICATION**

	Cost						Accumulated Depreciation				Carrying Value
	Opening Balance	Residual Value Opening Bal	Additions	Disposals	Residual Value Disposals	Closing Balance	Opening Balance	Additions	Disposals	Closing Balance	
Executive and Council	1,290,298	-	519,601	77,926	-	1,731,973	275,473	60,159	60,085	275,546	1,456,427
Budget and Treasury Office	2,461,012	47,500	926,807	154,649	-	3,280,671	707,489	262,737	94,069	876,157	2,404,513
Corporate Services	114,630,403	49,594	452,631	89,313	-	115,043,316	11,101,464	485,046	17,118	11,569,392	103,473,923
Community and Social Services	2,470,003	40,500	1,402,987	48,605	-	3,864,885	698,350	214,344	27,132	885,562	2,979,323
Public Safety	1,088,349	335,038	564,406	215,640	226,900	1,545,252	377,028	97,444	215,640	258,833	1,286,419
Road Transport	52,684,641	1,521,340	4,161,037	262,684	614,200	57,490,134	6,760,784	1,443,360	261,969	7,942,174	49,547,960
Housing	-	-	-	-	-	-	-	-	-	-	-
Environmental Protection	14,387	-	-	10,467	-	3,920	11,231	453	10,467	1,217	2,703
Sport and Recreation	4,711,946	612,210	1,144,963	132,543	206,500	6,130,076	1,105,428	280,909	117,196	1,269,141	4,860,935
Waste Water Management	27,773,341	743,805	8,191,056	-	-	36,708,203	4,461,803	970,364	-	5,432,167	31,276,035
Waste Management	3,145,050	605,450	973,111	-	-	4,723,611	1,353,303	182,321	-	1,535,625	3,187,987
Electricity	36,838,130	997,346	2,682,085	5,720	-	40,511,842	8,561,421	963,789	3,922	9,521,288	30,990,554
Water	37,464,035	715,922	2,005,387	202,549	313,700	39,669,095	12,806,338	950,543	198,863	13,558,018	26,111,077
Other	614,690	-	14,807	21,400	-	608,097	294,809	40,762	18,689	316,882	291,215
<b>TOTAL</b>	<b>285,186,286</b>	<b>5,668,705</b>	<b>23,038,879</b>	<b>1,221,495</b>	<b>1,361,300</b>	<b>311,311,075</b>	<b>48,514,922</b>	<b>5,952,233</b>	<b>1,025,151</b>	<b>53,442,004</b>	<b>257,869,071</b>

**APPENDIX D - Unaudited**  
**CAPE AGULHAS LOCAL MUNICIPALITY**  
**SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2012**  
**GENERAL FINANCE STATISTIC CLASSIFICATIONS**

<b>2011 Actual Income R</b>	<b>2011 Actual Expenditure R</b>	<b>2011 Surplus/ (Deficit) R</b>		<b>2012 Actual Income R</b>	<b>2012 Actual Expenditure R</b>	<b>2012 Surplus/ (Deficit) R</b>
28,733,002	(30,811,789)	(2,078,787)	Executive and Council	54,274,728	(48,662,293)	5,612,435
33,185,336	(20,101,288)	13,084,047	Budget and Treasury Office	35,603,217	(18,744,202)	16,859,015
188,577	(9,085,198)	(8,896,621)	Corporate Services	880,920	(13,912,477)	(13,031,556)
1,438,906	(9,356,269)	(7,917,363)	Community and Social Services	3,955,236	(10,690,566)	(6,735,330)
4,130,608	(5,602,898)	(1,472,290)	Sport and Recreation	3,931,863	(5,959,212)	(2,027,350)
2,735,737	(4,439,889)	(1,704,152)	Public Safety	2,709,860	(5,007,821)	(2,297,961)
8,225,209	(16,699,897)	(8,474,689)	Road Transport	3,082,858	(11,789,465)	(8,706,607)
50,871,359	(41,542,687)	9,328,672	Electricity	63,166,052	(51,413,449)	11,752,604
13,541,767	(8,943,041)	4,598,725	Water	15,576,687	(9,863,834)	5,712,853
4,964,393	(5,265,109)	(300,717)	Waste Water Management	5,756,740	(5,714,291)	42,449
8,373,940	(6,657,144)	1,716,797	Waste Management	9,645,197	(7,350,899)	2,294,299
114	(308,858)	(308,744)	Environmental Protection	-	(331,661)	(331,661)
-	(1,551,050)	(1,551,050)	Other	-	(1,936,002)	(1,936,002)
<b>156,388,947</b>	<b>(160,365,119)</b>	<b>(3,976,171)</b>	<b>Total</b>	<b>198,583,358</b>	<b>(191,376,171)</b>	<b>7,207,188</b>

**APPENDIX E(1) - Unaudited**  
**CAPE AGULHAS LOCAL MUNICIPALITY**  
**REVENUE AND EXPENDITURE**  
**ACTUAL VERSUS BUDGET FOR THE YEAR ENDED 30 JUNE 2012**  
**GENERAL FINANCE STATISTIC CLASSIFICATIONS**

	2012 Actual (R)	2012 Budget (R)	2012 Variance (R)	2012 Variance (%)	Explanation of Significant Variances greater than 10% versus Budget
<b>REVENUE</b>					
Property Rates	32,427,167	32,432,849	(5,682)	(0%)	
Government Grants and Subsidies - Capital	8,592,112	7,709,148	882,964	11%	Upgrading of computer network funded by MSIG not budgeted for in capital budget.
Government Grants and Subsidies - Operating	57,995,520	57,396,514	599,006	1%	
Actuarial Gains	83,897	-	83,897	0%	
Fines	750,944	1,018,000	(267,056)	(26%)	Under collection of fines
Service Charges	87,023,471	86,014,055	1,009,416	1%	
Rental of Facilities and Equipment	4,755,910	5,327,000	(571,090)	(11%)	Lower occupancy levels at resorts
Interest Earned - external investments	2,224,184	2,300,000	(75,816)	(3%)	
Interest Earned - outstanding debtors	514,177	650,000	(135,823)	(21%)	More debtor arrangements where interest are not charged.
Licences and Permits	1,012,345	1,091,000	(78,655)	(7%)	
Agency Services	1,079,210	1,201,000	(121,790)	(10%)	
Other Income	2,124,419	1,912,796	211,623	11%	Over collection of garden rubbish removal fees.
<b>Total Revenue</b>	<b>198,583,358</b>	<b>197,052,362</b>	<b>1,530,996</b>	<b>1%</b>	
<b>EXPENDITURE</b>					
Executive and Council	(48,662,293)	(51,473,310)	2,811,017	(5%)	
Budget and Treasury Office	(18,744,202)	(18,358,295)	(385,907)	2%	
Corporate Services	(13,912,477)	(14,470,037)	557,560	(4%)	
Community and Social Services	(10,690,566)	(11,157,024)	466,458	(4%)	
Sport and Recreation	(5,959,212)	(6,581,693)	622,481	(9%)	
Public Safety	(5,007,821)	(5,599,795)	591,974	(11%)	Cost savings on salaries and depreciation for the year
Road Transport	(11,789,465)	(12,057,687)	268,222	(2%)	
Electricity	(51,413,449)	(50,680,837)	(732,612)	1%	
Water	(9,863,834)	(11,369,292)	1,505,458	(13%)	Cost savings on salaries and depreciation for the year
Waste Water Management	(5,714,291)	(5,597,771)	(116,520)	2%	
Waste Management	(7,350,899)	(8,004,560)	653,661	(8%)	
Environmental Protection	(331,661)	(361,377)	29,716	(8%)	
Other	(1,936,002)	(2,146,934)	210,932	(10%)	Cost savings on salaries.
<b>Total Expenditure</b>	<b>(191,376,171)</b>	<b>(197,858,612)</b>	<b>6,482,441</b>	<b>(3%)</b>	
<b>SURPLUS / (DEFICIT) FOR THE YEAR</b>	<b>7,207,188</b>	<b>(806,250)</b>	<b>8,013,438</b>		

**APPENDIX E (2) - Unaudited**  
**CAPE AGULHAS LOCAL MUNICIPALITY**  
**ACTUAL VERSUS BUDGET FOR THE YEAR ENDED 30 JUNE 2012**  
**ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT, INVESTMENT PROPERTY & INTANGIBLE ASSETS**  
**GENERAL FINANCE STATISTIC CLASSIFICATIONS**

	<b>2012 Actual</b>	<b>2012 Budget</b>	<b>2012 Variance</b>	<b>2012 Variance</b>	<b>Explanation of Significant Variances greater than 10% versus Budget</b>
	<b>R</b>	<b>R</b>	<b>R</b>	<b>%</b>	
Executive and Council	525,444	132,200	393,244	297%	Acquisition of Erf 599 not budgeted for.
Budget and Treasury Office	941,584	595,000	346,584	58%	No budget for capitalised leased assets
Corporate Services	459,471	294,145	165,326	56%	No budget for capitalised leased assets
Community and Social Services	1,411,349	1,150,000	261,349	23%	No budget for capitalised leased assets
Sport and Recreation	1,149,143	1,253,000	(103,857)	(8%)	
Public Safety	564,406	915,000	(350,594)	(38%)	Cost savings on all projects
Road Transport	4,161,037	4,315,000	(153,963)	(4%)	
Electricity	2,684,365	2,780,000	(95,635)	(3%)	
Water	2,006,527	1,995,000	11,527	1%	
Waste Water Management	8,191,056	8,729,148	(538,092)	(6%)	
Waste Management	9,014,421	1,060,000	7,954,421	750%	No budget for additional rehabilitation costs
Other	14,807	15,000	(193)	(1%)	
<b>Total</b>	<b>31,123,611</b>	<b>23,233,493</b>	<b>7,890,118</b>	<b>34%</b>	





**APPENDIX F - Unaudited**  
**CAPE AGULHAS LOCAL MUNICIPALITY**  
**DISCLOSURES OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003**

Grant Description	Balance 1 JULY 2011	Grants Received	Interest Received	Operating Expenditure during the year Transferred to Revenue	Capital Expenditure during the year Transferred to Revenue	Balance 30 JUNE 2012
<b>UNSPENT AND UNPAID GOVERNMENT GRANTS AND RECEIPTS</b>						
	R	R	R	R	R	R
<b><u>National Government Grants</u></b>						
Equitable Share	-	14,805,000	-	14,805,000	-	-
Local Government Financial Management Grant	433,856	1,250,000	-	1,677,480	7,588	(1,212)
Municipal Systems Improvement Grant	31,395	790,000	-	145,163	672,522	3,710
Municipal Infrastructure Grant	(299,852)	8,479,000	-	1,498,186	7,644,485	(963,523)
Regional Bulk Infrastructure Grant (RBIG)	-	250,000	-	253,801	-	(3,801)
Skills Development Fund	-	298,611	-	298,611	-	-
Expanded Public Works Program	-	429,000	-	300,894	128,106	-
<b>Total National Government Grants</b>	<b>165,400</b>	<b>26,301,611</b>	<b>-</b>	<b>18,979,135</b>	<b>8,452,701</b>	<b>(964,826)</b>
<b><u>Provincial Government Grants</u></b>						
Library Services	-	2,639,000	-	2,639,000	-	-
Proclaimed Road Subsidy	(3,036,529)	4,740,000	-	3,033,551	-	(1,330,079)
CDW	18,606	78,000	-	18,879	13,348	64,379
Department Housing and Consumer Programme	1,405	-	-	1,405	-	-
Provincial Financial Grant	-	200,000	-	118,503	-	81,497
Masibambane Programme	67,777	-	-	-	-	67,777
RDP Housing Zwelitsha	678,936	-	-	-	-	678,936
RDP Housing Phase 4	251,011	-	-	-	-	251,011
Thusong Centre	-	2,500,000	-	-	-	2,500,000
Department of Housing	-	31,308,792	-	31,259,412	-	49,380
Napier RDP Houses Electricity	213,787	-	-	1,638,946	-	(1,425,158)
Mobile Strategy Grant	71,572	-	-	-	71,572	-
<b>Total Provincial Government Grants</b>	<b>(1,733,434)</b>	<b>41,465,792</b>	<b>-</b>	<b>38,709,696</b>	<b>84,920</b>	<b>937,742</b>
<b><u>Other Grant Providers</u></b>						
IDC (Pre-Establishment Costs CAMLEDA)	-	1,152,000	40,476	306,688	54,492	831,297
<b>Total Other Grants</b>	<b>-</b>	<b>1,152,000</b>	<b>40,476</b>	<b>306,688</b>	<b>54,492</b>	<b>831,297</b>
<b>Total</b>	<b>(1,568,034)</b>	<b>68,919,403</b>	<b>40,476</b>	<b>57,995,520</b>	<b>8,592,112</b>	<b>804,213</b>